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### Theological and Financial Integrity in Church Budgeting: A Study of the Effects of Budget Theory Education Using a Two Kinds of Righteousness Framework

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THEOLOGICAL AND FINANCIAL INTEGRITY IN CHURCH BUDGETING:  
A STUDY OF THE EFFECTS OF BUDGET THEORY EDUCATION USING A TWO KINDS  
OF RIGHTEOUSNESS FRAMEWORK

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A Major Applied Project  
Presented to the Faculty of  
Concordia Seminary, St. Louis,  
Department of Practical Theology  
in Partial Fulfillment of the  
Requirements for the Degree of  
Doctor of Ministry

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By  
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May, 2019

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To my wife Sarah who has been my cheerleader, proofreader, good friend, and constant support through the process from beginning to end. To my children, Raymond and Luke, who have given up time with Dad. In many ways this project is our family project, dedicated for use in God's church.

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## ABBREVIATIONS

AC	The Augsburg Confession
Apol	Apology of the Augsburg Confession
Ep	Epitome of the Book of Concord
ESV	<i>English Standard Version</i>
FC	Formula of Concord
LC	The Large Catechism
LW	<i>Luther's Works</i> , American ed. 55 vols. Philadelphia: Fortress; St. Louis: Concordia, 1955–1986
LSB	<i>The Lutheran Service Book</i>
SC	The Small Catechism

## **ABSTRACT**

Stolarczyk, R., Brian “THEOLOGICAL AND FINANCIAL INTEGRITY IN CHURCH BUDGETING: A STUDY OF THE EFFECTS OF BUDGET THEORY EDUCATION USING A TWO KINDS OF RIGHTEOUSNESS FRAMEWORK.” Doctor of Ministry. Major Applied Project, Concordia Seminary, 2019. 182 pp.

The operating budget at Lutheran Church of the Cross, Port Charlotte, FL emphasized the management of God’s gifts but did not adequately emphasize their primary relationship with God during the budgetary process and did not strongly connect the budget with their congregational mission. A three-hour seminar was developed to teach budget theory and the Lutheran doctrine of the two kinds of righteousness in an integrated manner. Five interviews were conducted and analyzed to assess the leaders’ ability to identify improvements. Leaders identified a need for increased connection to congregation’s mission and expressed general suggestions to emphasize the appreciation of the two kinds of righteousness during the annual budgetary process.

# CHAPTER ONE

## INTRODUCTION

The project that follows is my attempt to encourage growth in the theological and financial integrity of the annual budgetary process at Lutheran Church of the Cross, Port Charlotte, FL (hereafter LCC). The church operating budget plays an important role in the budgetary process as we actively steward the resources that the Lord has given to us. Ideally, the church operating budget is the means by which LCC attempts to express in monetary terms our mission of glorifying God and making disciples of all nations. At the same time, the process of budgeting is done in the theological context of two fundamental relationships. First, our primary relationship with God who created us, redeemed us, and daily sustains us. Second, our relationship with the world and other creatures around us.

Chapter 1 describes the ministry problem that arises when the church operating budget is the *sole* tool used in the annual budgetary process at LCC. It provides an explanation of why this is a problem from the perspective of accounting theory and from the perspective of the two kinds of righteousness. The opening chapter concludes with an introduction of the proposed solution, the desired goals, and the process for evaluating the project. The next two chapters of the Major Applied Project (hereafter MAP) offers an analysis of the role of the operating budget at LCC in light of accounting theory and the doctrine of the two kinds of righteousness. The two kinds of righteousness suggest that the annual budgetary process appropriately emphasizes the active management of God's gifts. But if the operating budget is the sole tool used in the budgetary process there may not be an adequate emphasis or appreciation of our primary relationship with God as passive receivers of His gifts (Chapter 2). From an accounting perspective, the conceptual model of the budgetary process suggests that the operating budget of LCC is not

strongly connected with the mission of the congregation during its development, operation, or evaluation (Chapter 3).

In response, I have designed a seminar to educate the leaders of LCC on accounting theory and the two kinds of righteousness within the context of the annual budgeting process (Chapter 4). I conducted five interviews with participants to assess their individual ability to identify specific financial and theological improvements for LCC's budgetary process. In Chapter 5, I analyze the leaders' participation in the seminar and responses from their interviews. I conclude in Chapter 6 with recommendations on future use of this study and possible areas for new research.

### **The Problem**

The annual budgeting process of a congregation can often be a frustrating and divisive time in a church because faith and finances are pitted against each other. One basic report of annual income and disbursements, in the context of a congregation-wide meeting, can elicit a myriad of responses from the group. Frustration over costs that relentlessly increase from year to year can trigger an automatic reaction from the congregation to ask the leaders to make cross-ministry budget cuts. These cuts may not be primarily motivated by ministry goals and objectives but may be due in large part to the perception that expenses are "too high." Other dedicated Christians passionately respond by reminding the group that God does provide and that, there is a need for faith. If projected income is less than projected expenses, the leaders issue a plea to the membership to increase their giving directly in response or proportion to the calculated deficit. This type of appeal makes the implicit assumption that charitable giving and stewardship are motivated by the costs of the church. In these and many other ways we can observe how a single financial report can have a tremendously negative influence on congregational dynamics.

I believe many of these issues are symptoms of the underlying problem that this project will address. The problem is that the church operating budget has come to be used as the *sole* tool for the *entire* budgetary process at LCC. First, this is a problem from an accounting point of view. Although the budgetary process is designed to translate the mission of an organization into dollars and cents, the operating budget by itself is not designed to foster this conversation. Secondly, this is a theological problem. The Lutheran doctrine of the two kinds of righteousness asserts that congregations take part in two fundamental relationships—with God and with the world—simultaneously. The purpose and assumptions inherent in a church budget are aligned with only one kind of righteousness—righteousness in community with others in the world. It does not foster an appreciation of our passive righteousness and daily dependence on God.

### **Budgetary Process**

My project will define the *entire* budgetary process at LCC as the annual process of developing, operating, and evaluating LCC's financial plan.<sup>1</sup> The accounting problem identified in this project stems from the conviction that the *entire* budgetary process—specifically the developing and evaluating steps—*should* involve the mission and vision of the congregation. In fact, numerous authors warn congregations not to neglect their mission. For instance, the certified public accountants (C.P.A.s) in *Church Finance: The Complete Guide to Managing Ministry Resources* acknowledge that budgeting is more than forecasting income and estimating

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<sup>1</sup> “There are obvious differences between organizations—size, type of mission, number of programs, to name just a few factors. Across the variety, the budget process maintains a remarkably consistent shape from place to place. Generally, the budget process consists of three basic phases:

1. Budget development
2. Budget monitoring, tracking, and adjustments
3. Analysis of final results. David C. Maddox, *Budgeting for Not-For-Profit Organizations*, Wiley Nonprofit Law, Finance, and Management Series (New York: Wiley, 1999), 27.

expenses:

Addressing church budgets starts with understanding the broader context of a church's mission and purpose. If a budget represents the financial blueprint for carrying out a church's ministry plan for a particular period of time, then logic would dictate that such a blueprint and its related ministry plan should be a function—a derivative—of the church's mission and purpose. Many times, however, churches engage in elaborate budget development processes without first evaluating whether their activities are in alignment with their mission and purpose. In some cases, churches operate without a well-defined expression of their mission and purpose. Ensuring that the church's budget is a function of its mission and purpose will help church leaders avoid putting the cart before the horse, or for that matter, having the cart *detached from* the horse.<sup>2</sup>

Even outside of the religious realm, David Maddox in his book addressing all types of not-for-profit organizations makes “reviewing strategy” a formal step in the budget development process:

(iii) Reviewing Strategy. In addition to reviewing financial results, the budget planning group will want to review the organization's strategy. Many organizations link the budget process to a formal strategy development process. A typical method is to start the process with a meeting of the organization's board or leaders in which the organization's strategy is reviewed, significant factors about the organization's operations, markets, environment, clients, or funders are discussed, and major initiatives are identified.<sup>3</sup>

However, in the entire budgetary process at LCC, the mission and vision are not presented, evaluated, or explicitly incorporated into the operating budget at the level of a voter's assembly, church council, or finance committee. Constitutionally, at LCC the task of the creation of the operating budget falls to a special finance committee who receive input from the church boards. They review the prior year's actual expenditures and forecast next year's income, expenses, and capital improvement needs. The church operating budget is brought to the church council for their review. The proposed church operating budget is published in the newsletter and then taken

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<sup>2</sup> Michael E Batts and Richard R Hammar, *Church Finance: The Complete Guide to Managing Ministry Resources* (Carol Stream, IL: Christianity Today, 2015), 2. Emphasis original.

<sup>3</sup> Maddox, *Budgeting for Not-For-Profit*, 31.



to the voter's assembly for approval. In the entire process, the operating budget is the sole tool utilized. There is no formal or informal consideration of the congregation's mission and vision during this process.

### **Zero-Based Budgeting**

Ironically, the strongest support to the assertion that the traditional church budget is *not* designed to foster conversation about the congregational mission and vision is the frequent recommendation by authors for using the technique called zero-based budgeting. Zero-based budgeting is an approach that encourages a church *not* to begin the planning process with the previous year's actual expenses as a starting point to forecast for the next year. Instead, as the name implies, the church is encouraged to start with no budget amounts for anything. It is recommended that they start with their mission and goals and then plan their spending accordingly:

The only way to ensure that your budget truly reflects your current needs and priorities is to consider every budget item on its own merit each year, a technique called "Zero-Based Budgeting." Consider every budget item carried over from the former years without assumptions about its priority or the amount needed. Every budget item should be justified on its own merits in relation to the circumstances of the new budget year.<sup>4</sup>

Multiple authors make this suggestion to use the zero-based budgeting approach:

The concept of critically evaluating the church's programs, activities, and initiatives is highly compatible with the practice of "zero-based budgeting." Zero-based budgeting is the practice of deciding what specific activities should be conducted in order to carry out the church's mission and what those activities will cost.<sup>5</sup>

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<sup>4</sup> Jack A. Henry, *Basic Budgeting for Churches: A Complete Guide* (Nashville, TN: Broadman & Holman, 1995), 16.

<sup>5</sup> Batts and Hammar, *Managing Ministry Resources*, 3.

In other words, zero-based budgeting is designed for churches to *ignore* the budget altogether (along with its record of the previous year's income and expenses) in order to focus on ministry goals and priorities! Is it any wonder that the voter's assembly, when only presented with the annual operating budget, evidences an automatic reaction to yearly cost increases with pressure into making arbitrary cuts wholly apart from mission and vision? Part of the problem which is to be addressed by this project is that LCC, like so many congregations, continues to use the church operating budget as the *sole* document for the entire budgetary process.

### **Single Kind of Righteousness**

The second aspect of this problem is theological in nature. The operating budget, LCC's sole tool for the budgetary process, encourages congregation members to value only one kind of righteousness—not both. Lutherans have inherited from Martin Luther and his associates a helpful framework called the two kinds of righteousness.<sup>6</sup> This distinction helps us to understand our identity as human beings—and by extension our life together as a congregation.<sup>7</sup> It allows for distinguishing our passive righteousness from our active righteousness.

First, we understand ourselves to be creatures who passively receive our righteousness from God the Father as our Creator (and again through Jesus the Redeemer).<sup>8</sup> A fundamental

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<sup>6</sup> “So important was this framework that Luther refers to the two kinds of righteousness as ‘our theology’ in his famous *Galatians Commentary* [1535]. This work, regarded by Luther as his ‘apology’ of the Augsburg Confession, represents the culmination of his thinking on the two kinds of righteousness. Luther had first hinted at it in the *Heidelberg Disputation* and then developed it in his *Sermon on Three Kinds of Righteousness* (1518), his sermon on the *Two Kinds of Righteousness* (1519), his *Sermon on Monastic Vows*, and his Genesis sermons (1523/1527). Similarly, Melancthon identified the two kinds of righteousness as lying at the heart of the issue between him and his opponents in such a way that it shaped the entire theological argument in his masterwork, the *Apology of the Augsburg Confession*; although he had also been working with the presuppositions, it provided from as early as 1524.” Charles Arand, and Joel Biermann, “Why the Two Kinds of Righteousness?” *Concordia Journal* 33, no. 2 (April 2007): 117.

<sup>7</sup> Robert Kolb and Charles P Arand. *The Genius of Luther's Theology: A Wittenberg Way of Thinking for the Contemporary Church* (Grand Rapids, MI: Baker Academic, 2008), 25.

<sup>8</sup> Kolb and Arand, *The Genius of Luther's Theology*, 26.

part of our humanity is our righteous identity as redeemed sinners before God. Secondly, we understand ourselves to be placed in this world as individuals and as a congregation to live a life of “active righteousness” for the sake of our neighbor and God’s creation.<sup>9</sup> We are called to actively love and serve our neighbor and to manage and steward God’s gifts in creation. This is also a fundamental part of what it means to be human and actively righteous in relationship to the world and our fellow human beings. Any attempt to understand oneself or one’s own congregation without both relationships in the appropriate manner, passive or active, would lead to problems. Therefore, if the entire budgetary process of a congregation is emphasizing the appreciation of a single kind of righteousness, the congregation could be led into error.

I believe that the church operating budget is a tool that assists only in the active management and stewardship of God’s gifts. It does not encourage the congregation to live within their baptismal identity as passive receivers of the gifts of the Creator. This is because the *purpose* and *assumptions* inherent in a church operating budget are aligned with only one kind of righteousness—not two. The church’s operating budget assumes that resources are limited and that prioritization must happen because we lack everything we need to accomplish the mission of the church.<sup>10</sup>

On the one hand, God our Creator has given us everything that we have and all that we are. God created us to have dominion over creation and to prioritize and manage his gifts in a God-pleasing manner. Joel Biermann argues persuasively based on the command in Gen 1:28 that activities such as planning, forecasting, and budgeting are central to our identity as creatures

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<sup>9</sup> Kolb and Arand, *The Genius of Luther's Theology*, 26.

<sup>10</sup> “Since a budget is defined as a plan to allocate available resources, the need to know four things is implied: 1. How much money will be available to spend? 2. What needs to be done? 3. How much will it cost to accomplish each need? 4. What is the order of priority among the things that need to be done?” Henry, *Basic Budgeting for Churches*, 6.

made in God's image. Preparing and using a budget is a congregational activity that is important, precious, and holy:

Quite appropriately, Genesis 1:28 has been dubbed *the first great commission*: "God blessed them; and God said to them, 'Be fruitful and multiply, and fill the earth, and subdue it; and rule over the fish of the sea and over the birds of the sky and over every living thing that moves on the earth.' Recognizing the normative and formative role of the creation account, God's command is not merely a directive for Adam, but is the commission for all humanity. In light of the creation account, this is obviously not a mandate to dictatorship or abuse of the creation. It is a holy charge to provide care and direction to the creation. This is our task. It is our reason for existence. Notwithstanding the Christian traditions that relate our purpose to God's glorification, Scripture actually supplies an answer to the question "Why am I here?" that looks not up to heaven, but around at creation. We are here to look after the creation.<sup>11</sup>

God has given us the task of caring for the limited resources that he has entrusted to us, which is *precisely* the role of a budget. A central assumption of an operating budget is that resources (income) are limited. The process of budgeting involves the church allocating resources in a balanced fashion. Yet the problem manifests itself when the operating budget with projected surpluses or losses maintains the central or sole position in the budgetary process. When the projections of shortfalls or cash reserves become the basis for a congregation's fear, love, or trust, then the budget has taken the role of an idol. The Large Catechism helps point out the danger by saying,

Therefore, let us learn the First Commandment well, so that we see that God will tolerate no presumption or trust in anything else; he makes no greater demand on us than a heartfelt trust in him for every good thing, so that we walk straight ahead on the right path, using all of God's gifts exactly as a shoemaker uses a needle, awl, and thread for his work and afterward puts them aside, or as a traveler makes use of an inn, food, and lodging, but only for his physical needs. Let each person do the same in his or her walk of life according to God's order, allowing none of these things to be a lord or an idol.<sup>12</sup>

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<sup>11</sup> Joel Biermann, "A Theological Foundation for Stewardship," *Leading As God's Steward eBook* (St. Louis: Center for Stewardship, 2015), 4. Emphasis original.

<sup>12</sup> Large Catechism I.47 in Robert Kolb and Timothy J. Wengert, eds., *The Book of Concord: The*

The problem lies not in the budget itself, but rather in the role it plays in the life of congregational leaders and members in the budgetary process. Charles Arand would go a step further in his article “The Unbounded Creator and the Bounded Creatures.” In it he underscores the fact that God is fundamentally the “Creator” and “Re-creator,” and we are “non-stop receivers of God’s gifts and are dependent on those gifts.”<sup>13</sup> Therefore, since the operating budget is the prominent tool for the voters, council, and finance committee at LCC in the entire budgetary process, we as leaders are using a process that is not centered around our baptismal identity as non-stop receivers of God’s gifts. If the budget is not combined in a meaningful and substantive way with our God-given tools for encouraging members to place their trust in their passive righteousness, then our budgetary process lacks theological integrity.

It may be helpful to repeat that I am *not* saying: budget=bad, faith=good. The problem is *not* the use of the budget. Rather, it is a failure to understand the theological limitation of the operating budget and to recognize the need during the budgetary process to supplement the voters, council, and finance committee with tools and practices that affirm a congregation’s recognition of their primary righteousness of faith.

### **The Purpose**

The purpose of my project is to develop a seminar to educate the leadership so that they can identify enhancements to the budgetary process that will increase both theological and financial integrity. First, it is designed to teach them about the role of mission and vision in the planning and evaluating steps of the budgetary process and the limitation of the operating budget

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*Confessions of the Evangelical Lutheran Church* (Minneapolis, MN: Fortress, 2000), 392.

<sup>13</sup> Charles Arand, "The Unbounded Creator and the Bounded Creatures," *Lutheran Quarterly* 31, no. 3 (2017): 283.

in this endeavor. Second, it is designed to teach them about the two kinds of righteousness. This will enable them to recognize the theological limitations of the operating budget and to supplement the budgetary process with tools and practices that encourage the congregation to place their trust in their passive righteousness before God bestowed on them in baptism.

The goal would be for the leaders at LCC to continue using the annual operating budget as a tool, but to limit or to frame its use in the entire budgetary process. I expect this to be accomplished by recommending activities that connect the mission and vision of the congregation with the development and evaluation of the budget. The goal is to have the leaders consider changes to the voter's, council, and finance committee meetings that can include opportunities to encourage individuals in their baptismal identity as non-stop receivers of God's gifts.

My research project is designed to assess qualitatively the experiences with the seminar of five leaders of LCC and to document their ability to recognize the limitations of the church operating budget from an accounting and theological perspective. The goal is also to assess each leader's ability to identify specific improvements to the budgetary process from a theological and accounting perspective. I would also hope this project might become the foundation of future seminars that can be shared at a circuit or district conference with other church leaders and laity involved in the budgetary process within their own ministries.

### **Process**

The project begins with background research for the budget theory and theology sections of the seminar to be developed. The research for the budget theory will focus on the definition of a budget and budgetary process as it relates to the mission and vision of LCC (Appendix Eleven and Twelve). The research for the theology section will focus on the two kinds of righteousness

as a framework for understanding the theological function and limitation of the church operating budget. I will then develop a seminar for the constitutionally elected leaders of my current congregation, LCC.

These men and women who have been given the responsibility of designing and leading the budgetary process will be invited to attend a three-hour seminar to be hosted on our campus. From the individuals who attend the seminar, five people will be invited to participate in a 90-minute interview to be conducted within the two weeks immediately following the seminar.

I will ask them a series of questions that are designed 1) to measure qualitatively the leaders' awareness of the limitations of the church operating budget from an accounting and theological point of view and 2) to document the leaders' ability to identify methods of increasing the theological and financial integrity of the budgetary process at LCC.

The data gathering process will involve collecting two general types of information. I will collect budgetary and theological limitations of the church operating budgets as identified by the leaders. I will identify the types of limitations mentioned and look for common responses, unique responses, expected responses, and unexpected responses. I will also document budgetary limitations that I expected to be mentioned by the leaders but no one mentions in the interview (non-responses).

The second set of data types I will collect are the leader's suggestions of increasing the theological and financial integrity of the budgetary process. I will identify solutions related to correcting the problem of connecting mission and vision with the budget during the develop and evaluate steps of the budgetary process. I will also identify solutions the leaders develop themselves which encourage the congregation to place their trust in God during the budgetary process. Finally, I will compile and analyze the results in order to make changes to the seminar

and to recommend further areas of study or research.

### **Parameters**

The organizational structure of LCC is one where the voter's assembly delegates the management of finances to the church council but remains responsible for approving the annual budget. The church council has constitutionally delegated the development of the budget to the finance committee. In other words, while the creation of the budget may not be done by the entire church council, nevertheless they are, as a group, responsible for the management of those funds. The congregation approves the yearly plan and any significant deviations that may arise.

The project will be limited to one congregation—LCC. It certainly would be instructive to understand if this seminar would help different congregational leaders from churches with diverse budgetary processes. However, my scope is limited to the congregation which I currently serve as pastor. It will allow me to listen for similarities and differences between leaders in a single budgetary environment. That data may provide insight as to sections of the seminar which are more impactful than others.

I am also aware that there may be other factors that contribute to the problem identified in this project which will not be evaluated. For instance, a congregation that has a clearly defined mission and vision may have techniques to annually review them alongside the operating budget. Or a congregation that has different formats for their congregational meeting—such as including more prayer, worship, and Scripture study—may provide a more balanced approach to budgeting with the two kinds of righteousness framework. My project is designed to assess how a seminar focused on budgeting theory and the theology of two kinds of righteousness can assist leaders at LCC in understanding the use and impact of budgets in our congregational setting.



## **Summary of Chapter One**

The ministry problem at LCC is that the church operating budget has come to be used as the sole tool for the entire budgetary process. Therefore, I will design a seminar to educate the leaders of LCC on the accounting and theological limitations of our current annual budgetary process. One goal of the seminar will be to teach them about the role of mission and vision in the planning and evaluating steps of the budgetary process and encourage them to identify changes to the process at LCC to utilize our newly created mission and vision (Appendix Eleven and Twelve). The second goal is to teach them about the two kinds of righteousness. This will enable them to affirm the use of an operating budget but also to recognize its' theological limitations. They will be encouraged to identify additional tools and practices during the annual budgetary process that encourage the congregation to place their trust in God more than budgetary surpluses or losses.

Five interviews will be conducted after the seminar. The data from those interviews and from my observations during the seminar will be used to determine to what extent the goals of the project have been achieved. The data will also be used to gather new insights or observations from the participants. The project will conclude with a summary of the findings along with recommendation for possible future consideration.

## **CHAPTER TWO**

### **THEOLOGICAL PERSPECTIVE**

#### **Introduction**

The title of this MAP suggests that the primary doctrine to be examined is the Lutheran understanding of the two kinds of righteousness. This theological study will begin with a summary of the work of Robert Kolb, Charles Arand, and others who have studied the work of Luther and some of his associates. It will be immediately followed by an examination of the doctrine of creation through an exegetical review of Gen 1:26–28 in order to observe how the two kinds of righteousness are evidenced in the creation of humankind. The work of Biermann and others will examine the divine mandate given to humankind and its application in the doctrine of Christian stewardship. This will help us understand and affirm the importance of congregational budgeting, while exposing the theological limitation of a church operating budget. Specifically, it will support my claim that the church operating budget is a tool that affirms only our horizontal (active) righteousness in this world and does not encourage a congregation to appreciate their vertical (passive) righteousness.

Once the theological limitation of the church operating budget is acknowledged, there is an important follow up question to be examined from the perspective of Lutheran theology. “How can a congregation foster greater appreciation of their baptismal identity in Christ during the annual budgeting process?” The opening articles of the Augsburg Confession direct our attention to the role of the Son of God as the source and object of our passive righteousness. The doctrine of justification specifically excludes giving a congregation any “works” to perform in order to gain righteousness before God. Instead the Confessions provide the framework to apply the distinction between Law and Gospel through the appropriate use of God’s Word and Sacraments

to create and strengthen faith. This means that a Lutheran seminar on budgeting will attempt to assist leaders during the annual budgeting process to identify opportunities to proclaim God's Law which invariably will expose sin and idolatry. Leaders will be encouraged to consider ways to apply the Gospel through the use of God's Word and Sacraments on behalf of the congregation as people are led toward confession and absolution.

### **Two Kinds of Righteousness**

The two kinds of righteousness framework was developed during the 1500s when, as Arand and Kolb describe, the “ ‘righteousness of God’ referred primarily (if not exclusively) to God's fairness or justice executed when he judges those who failed to live up to his expectations and rewards those who lived holy lives.”<sup>1</sup> As a devout Augustinian monk, Luther attempted to live under God's expectations and believed that his good works would be the basis for receiving eternal reward. He believed that Jesus' work on the cross, the Sacraments of the Catholic church, and the merits of the saints provided the infused grace by which he was to fulfill God's righteous expectation of humankind. Luther wrote in 1545 that, “...I hated that word ‘righteousness of God,’ which, according to the use and custom of all the teachers, I had been taught to understand philosophically regarding the formal or active righteousness, as they called it, with which God is righteous and punishes the unrighteous sinner.”<sup>2</sup> And yet the solution that he found in Scriptures was *not* that God's righteous law is set aside or ignored. Rather he understood the Scriptures to speak about two different kinds of righteousness. And this distinction enabled Luther to discover the “proper distinction” between Law and Gospel as he speaks about in one of his table talks:

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<sup>1</sup> Kolb and Arand, *The Genius of Luther's Theology*, 35.

<sup>2</sup> Martin Luther, *Career of the Reformer IV*, ed. J. J. Pelikan, H. C. Oswald, & H. T. Lehmann, vol. 34, *Luther's Works* (Philadelphia: Fortress, 1960), 336.

For a long time I went astray [in the monastery] and didn't know what I was about. To be sure, I knew something, but I didn't know what it was until I came to the text in Romans 1 [:17], 'He who through faith is righteous shall live.' That text helped me. There I saw what righteousness Paul was talking about. Earlier in the text I read 'righteousness.' I related the abstract ['righteousness'] with the concrete ['the righteous One'] and became sure of my cause. I learned to distinguish between the righteousness of the law and the righteousness of the gospel. I lacked nothing before this except that I made no distinction between the law and the gospel. I regarded both as the same thing and held that there was no difference between Christ and Moses except the times in which they lived and their degrees of perfection. But when I discovered the proper distinction—namely, that the law is one thing and the gospel is another—I made myself free.<sup>3</sup>

But what exactly is meant by “righteousness” and what is a definition of the two kinds of righteousness that will be used in this project? Kolb and Arand define righteousness simply as being, “the human person God envisioned when he created us.”<sup>4</sup> And they go on to describe the two dimensions of human righteousness as two separate, yet connected, spheres of our life:

On the one hand, human righteousness before God flows from God's activity. Like human parents, God originally gave life to his creation apart from any contribution or participation from his creatures. As his handiwork we by definition are dependent and contingent beings who have life only from the reception of God's gifts. ... On the other hand and at the same time, righteousness in the world with our fellow creatures (*coram mundo*) depends on our carrying out our God-entrusted tasks within our walks of life for the good of creation.<sup>5</sup>

We can plot these two spheres of human existence on two axes: a vertical axis for life with God and a horizontal axis for life with our fellow human creatures and the goods of creation. Righteousness, or to be in a “right relationship,” is determined by the nature of the respective relationships in which we find ourselves.<sup>6</sup>

Therefore, a single individual (and, by extension, a congregation) ought not be described as *only* passive creatures who are dependent on God *or only* active creatures who are created to love their neighbor and take care of God's creation. Either description of righteousness would be

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<sup>3</sup> Martin Luther, *Table Talk*, ed. J. J. Pelikan, H. C. Oswald, & H. T. Lehmann, vol. 54, *Luther's Works* (Philadelphia: Fortress, 1967), 442–443.

<sup>4</sup> Kolb and Arand, *The Genius of Luther's Theology*, 26.

<sup>5</sup> Kolb and Arand, *The Genius of Luther's Theology*, 28.

<sup>6</sup> Kolb and Arand, *The Genius of Luther's Theology*, 27–28.

incomplete without the other. Kolb and Arand go on to elaborate on the connection between the two spheres of righteousness, noting that our relationship with God provides the “core identity of a person” which empowers our love and service in the world.<sup>7</sup> Luther makes this connection using the image of the fruit of the Holy Spirit:

This righteousness is the product of the righteousness of the first type, actually its fruit and consequence, for we read in Gal. 5[:22]: “But the fruit of the spirit [i.e., of a spiritual man, whose very existence depends on faith in Christ] is love, joy, peace, patience, kindness, goodness, faithfulness, gentleness, self-control.” For because the works mentioned are works of men, it is obvious that in this passage a spiritual man is called “spirit.” In John 3[:6] we read: “That which is born of the flesh is flesh, and that which is born of the Spirit is spirit.” This righteousness goes on to complete the first for it ever strives to do away with the old Adam and to destroy the body of sin. Therefore it hates itself and loves its neighbor; it does not seek its own good, but that of another, and in this its whole way of living consists. For in that it hates itself and does not seek its own, it crucifies the flesh. Because it seeks the good of another, it works love. Thus in each sphere it does God’s will, living soberly with self, justly with neighbor, devoutly toward God.<sup>8</sup>

Our righteousness before God has been given various names by the reformers. Our righteousness before God has been called alien, passive, primary, and vertical. Luther referred to the first type of righteousness as an “alien” righteousness because it is a righteousness that originates from outside of an individual.<sup>9</sup> It is the righteousness of Christ that is imputed to the sinner and received by faith. And yet, as Kolb and Arand point out, it is a righteousness that is *rooted in creation*, is inherited as a gift, and is restored through the merit of Christ:

The nexus between the First Commandment and the knowledge of the Creator was so important for Luther that the recognition of the interrelationship between the Creator and his creature must be defined as the existential fulfillment of the First Commandment which is made possible by faith in Christ. This understanding highlights the First Commandment as the cornerstone of the remaining nine commandments, all of which have to do with creaturely matters of everyday life. When people regard God as the giver of all good things they are free to use his gifts

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<sup>7</sup> Kolb and Arand, *The Genius of Luther's Theology*, 26.

<sup>8</sup> Martin Luther, *Career of the Reformer I*, ed. J. J. Pelikan, H. C. Oswald, & H. T. Lehmann, vol. 31, *Luther's Works* (Philadelphia: Fortress, 1957), 300.

<sup>9</sup> *LW*, 31, 300.

properly, that is, not as idols (LC I.47). As Gustaf Wingren notes, ‘Only he who is secure in faith has the ability to obey God's commands without ulterior motives. Such a faith ... is belief not only in the forgiveness of sins, but also in God's providence, protection, and direction in material matters.’<sup>10</sup>

Our righteousness before God is also called “primary” because without Christ’s righteousness bestowed on us through faith, we cannot do good works in this world. Without this righteousness before God we cannot truly fulfill a single commandment.<sup>11</sup> Ever since Gen 3 and humankind’s rebellion against God, that righteousness is restored only when the life, death, and resurrection of Jesus Christ (the Gospel) is applied to the troubled conscience (convicted of sin by the Law). God has chosen to accomplish this through the means of his Word and Sacrament.<sup>12</sup> It is referred to as “passive” righteousness because it comes without any merit, work, or effort on our part to establish or sustain our standing before God. It is a righteousness of faith, not of works (Eph 2:8–9). Finally, our righteousness before God can also be called vertical righteousness because it pertains to our relationship with God in heaven as distinct from our fellow human creatures and creation around us.

Our righteousness in relationship to the world around us is called active, proper, and horizontal righteousness. The *Oxford Handbook of Martin Luther's Theology* recognizes that Luther went through multiple changes in the way he referred to this kind of righteousness during his lifetime. Nevertheless, by 1531 he had labeled this kind of righteousness as “active.”<sup>13</sup> In Luther’s *Lectures on Galatians* he declared that “our theology” teaches a “precise distinction

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<sup>10</sup> Kolb and Arand, *The Genius of Luther's Theology*, 37.

<sup>11</sup> Charles P. Arand, "Luther on the God Behind the First Commandment," *Lutheran Quarterly* 8, no. 4 (Winter 1994): 398–399.

<sup>12</sup> Kolb and Arand, *The Genius of Luther's Theology*, 41.

<sup>13</sup> Robert Kolb, “Luther’s Hermeneutics of Distinctions: Law and Gospel, Two Kinds of Righteousness, Two Realms, Freedom and Bondage,” in *The Oxford Handbook of Martin Luther's Theology* 1st ed., ed. Robert Kolb, Irene Dingel, and Batka L’ubomir, Oxford Handbooks (Oxford: Oxford University Press, 2014), 176.

between these two kinds of righteousness, the active and the passive, so that morality and faith, works and grace, secular society and religion may not be confused.”<sup>14</sup> Our new baptismal identity, received by faith in Christ, frees us to live out our lives actively as forgiven and redeemed creatures as God intended. In Lutheran theology the reformers provided a means of distinguishing but not separating justification from the role of sanctification in the life of a Christian. For as Luther went on to say,

When I have this righteousness within me, I descend from heaven like the rain that makes the earth fertile. That is, I come forth into another kingdom, and I perform good works whenever the opportunity arises. If I am a minister of the Word, I preach, I comfort the saddened, I administer the sacraments. If I am a father, I rule my household and family, I train my children in piety and honesty. If I am a magistrate, I perform the office which I have received by divine command. If I am a servant, I faithfully tend to my master’s affairs. In short, whoever knows for sure that Christ is his righteousness not only cheerfully and gladly works in his calling but also submits himself for the sake of love to magistrates, also to their wicked laws, and to everything else in this present life—even, if need be, to burden and danger. For he knows that God wants this and that this obedience pleases Him.<sup>15</sup>

Luther referred to our righteousness in relationship to the world as “proper” when he was distinguishing it from our “alien” righteousness. Whereas our alien righteousness is “acquired by someone else and belongs to someone else,” our proper righteousness involves personal action in loving and caring for our neighbor and God’s creation.<sup>16</sup> It is an active righteousness which is given to us to perform in creation (and which is restored to its rightful place through redemption).<sup>17</sup> As creatures we do not actively work in this world to earn our baptismal identity as children of our Creator. As creatures who have our identity restored in baptism, we do our

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<sup>14</sup> Martin Luther, *Lectures on Galatians, 1535, Chapters 1–4*, ed. J. J. Pelikan, H. C. Oswald, & H. T. Lehmann, vol. 26, *Luther’s Works* (Philadelphia: Fortress, 1963), 7.

<sup>15</sup> *LW*, 26, 11–12

<sup>16</sup> Kolb and Arand, *The Genius of Luther’s Theology*, 39.

<sup>17</sup> *LW*, 31, 298.

proper work of serving and caring for creation. This is the righteousness that is ours properly to perform as God intended us.

This type of righteousness is also referred to as “horizontal” because it pertains to our relationship with the neighbors beside us and the world around us. Kolb would nuance this understanding by saying that, “they may be described as vertical and horizontal so long as the vertical relationship is delineated with God both above us (because he is lord and author of the life of his children) and beneath us (because he is the loving Father who lifts us up and cuddles us to himself in Christ).”<sup>18</sup> In other words we live in total dependence on the Creator *while* we are interdependent with the creation and humankind around us.

Figure 1 Distinction between Vertical and Horizontal Righteousness

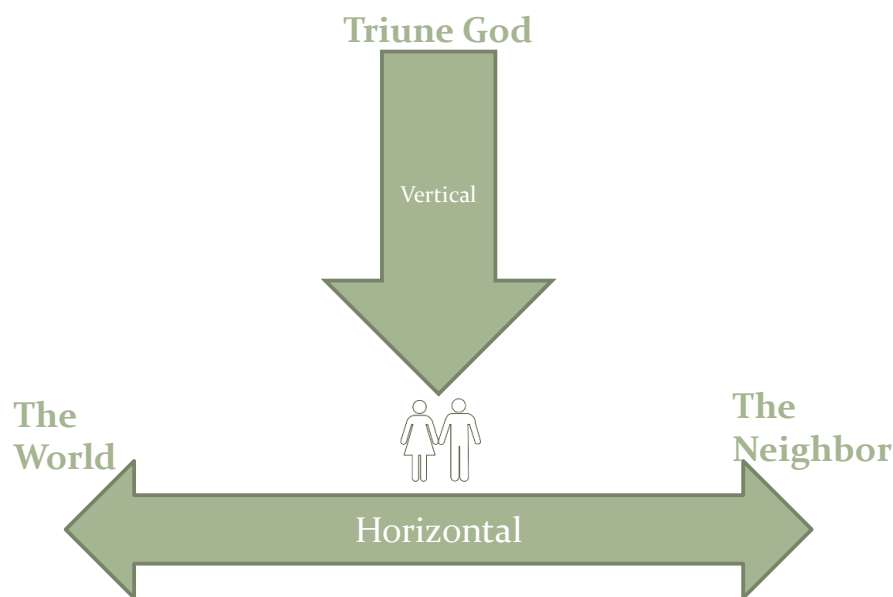


Figure 1 graphically represents the distinction between horizontal and vertical righteousness and will be used in the seminar developed for this project. Not only can it assist in introducing the

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<sup>18</sup> Robert Kolb. "Luther on the Two Kinds of Righteousness: Reflections on His Two-Dimensional Definition of Humanity at the Heart of His Theology," *Lutheran Quarterly* 13, no. 4 (Winter 1999), 453.



two kinds of righteousness, but it can assist LCC leaders in considering the theological impact of using the church operating budget as the sole tool in the annual budgeting process.

### **Doctrine of Creation**

The definition of righteousness and what it means to be an individual who fulfills the purpose for which God has created him or her leads logically to the theology of creation (and, by extension, redemption). It is instructive to examine the account of the creation of man and woman in Gen 1:26–28 from the distinction of the two kinds of righteousness. This project approaches the composition of Genesis as a single unified book of the Scriptural canon. Victor P. Hamilton in the *New International Commentary on the Old Testament* points out that until “the rise of source criticism in the 18th century, the unity of Genesis was taken for granted, with the occasional disclaimer to be heard only here or there. A concomitant of this position was the teaching of the Mosaic authorship of Genesis (and of the rest of the Pentateuch).”<sup>19</sup> Genesis, as a part of the *Torah* (“Law”), has held a prominent role in both the Old and New Testament.<sup>20</sup> The *Torah* was commanded to be read by God’s people in the Old Testament (Deut 6:6–9; 17:19; 27:3; 31:24–27; 32:46) and was given by God to hold a central place in the lives of the Israelite prophets and kings (Deut 17:18–20). Maybe more importantly, in the Gospels, Jesus himself affirms the *Torah* and the events of Gen 1:26–28 when he responds to questions about divorce in Mark 10:1–9. Moreover, Jesus establishes his ministry as a fulfillment of the *Torah* and Prophets (Matt 5:17).

In Gen 1:26–28 we see the two kinds of righteousness established for Adam and Eve.

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<sup>19</sup> Victor P. Hamilton, *The Book of Genesis: Chapters 1–17*, The New International Commentary on the Old Testament (Grand Rapids, MI: Eerdmans, 1990), 35.

<sup>20</sup> “According to one source, there are 238 quotations from or allusions to Genesis in the NT.” Hamilton, *The Book of Genesis*, 72.

Genesis 1:26 introduces our passive righteousness as people who are “created” (בָּרָא) by God just as the rest of the universe is God’s creation. Kolb explains the significance of being created by noting, “Luther came to see that in creating heaven and earth out of nothing (*ex nihilo*), God established the relationship between himself and his human creatures as that of unconstrained giver to absolute receiver. For he had taken responsibility for the origin of everything that exists, including the caring for his people.”<sup>21</sup> Gustaf Wingren also points out that this passive righteousness carried over into Luther’s understanding of the first, second, and third articles of the Creed found in the Small Catechism: “...He has created *me*...given me body and soul...He is *my* Lord.”<sup>22</sup> And yet in the creation account found in Gen 1, our identity as human beings is not described solely in terms of *passive* righteousness. Humankind is created male and female and together they bear the image (צֶלֶם) and likeness of God. And while much scholarly work has been devoted to determining the external entailments of this term, our *passive* righteousness is immediately linked with an *active* participation in God’s work of “creating, preserving, and renewing.”<sup>23</sup>

Genesis 1:26–28 spells out man’s *active* relationship to the rest of the created order in terms of “exercising dominion over all other living creatures.”<sup>24</sup> This activity of exercising dominion, along with the command to procreate, is done under the “blessing” (בֵּרַךְ) of God in verse 28. This means that our fundamental identity as image bearer of God is a passive gift, not a

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<sup>21</sup> Kolb and Arand, *The Genius of Luther's Theology*, 37.

<sup>22</sup> Gustaf Wingren, *Creation and Law*, American ed., (Philadelphia: Muhlenberg Press, 1961), 26. Emphasis original.

<sup>23</sup> Colin E. Gunton, *The Triune Creator: A Historical and Systematic Study*, Edinburgh Studies in Constructive Theology (Grand Rapids, MI: Eerdmans, 1998), 208.

<sup>24</sup> Hamilton, *The Book of Genesis*, 137.

condition of humankind’s faithful (active) performance. In other words, our passive righteousness is *primary* while our active righteousness carried out in the world is a necessary result. Genesis describes humankind as being blessed by God to engage actively in the work of exercising dominion and subduing creation. Hamilton makes the observation that while **קָבַשׁ**, “to subdue,” connotes more force or display of power than **רָדָה**, “to exercise dominion,” its usage may parallel what is described in Gen 2:5, 15.<sup>25</sup> We find a “before” and “after” picture of what subduing creation looks like before sin entered the world. In Gen 2 the “before” description is a time prior to Adam having engaged in settlement and cultivation of human life. By Gen 2:15 Adam was placed in Eden and given the task “to work” (**עָבַד**). This type of subduing the land meant for Adam to till and keep the land. Hamilton observes that, in the beginning, subduing the earth primarily involved the land rather than animals.<sup>26</sup> This was because, prior to their sinful rebellion in Gen 3, Adam and Eve lived in harmony with God’s creatures. In fact, they were given instructions that the fruit of every tree, except from a single named tree, was to be their food (Gen 2:16–17) and that humans were not permitted to eat the flesh of animals until the time after the flood (Gen 9:3).

Theologically it is essential to begin with the two kinds of righteousness as revealed in the doctrine of creation (1<sup>st</sup> Article of the Creed) before moving to redemption (2<sup>nd</sup> Article of the Creed). For the work of Jesus is to restore humanity back to its proper passive relationship with God and its proper active relationship with others in this world. Christ’s work of redemption,

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<sup>25</sup> Hamilton, *The Book of Genesis*, 139–140.

<sup>26</sup> Hamilton, *The Book of Genesis*, 139.

since the Enlightenment period, has functioned more as a piece of religious knowledge that “free thinking” individuals could choose to make a commitment to (or not). David J. Bosch in his book, *Transforming Mission: Paradigm Shifts in Theology of Mission*, points out that the Enlightenment period begins a pivotal transition point between the past and the future of mission activity where “mission” efforts become focused primarily on the great commission of Matt 28:18–20 where Gospel presentations and invitations to make commitments to faith in Christ become central.<sup>27</sup> Wingren does not view this as a good thing and identifies the dangers of a focus on redemption disconnected from creation:

In the second place the dangers of a false anthropocentric independence of God, which are a direct consequence of concentrating on the second article and isolating the New Testament from the Old, are barely recognized. To be surrounded by conditions and relations which have no connexion (sic) with the relationship to God, and to conceive of this relationship as being non-existent among those who are born, live, eat, beget children, and work, but who have not heard nor received the historically given word concerning Christ, is in itself a tremendous declaration of independence of God and of fellowship with Him, and this declaration cannot be modified by statements affirming Christ’s lordship. Creation does not mean that a knowledge of God is given, but that life is bestowed. According to the Bible, independence of God is not a consequence of Creation nor a gift of God in Creation, but is an effect of the Fall (Gen. III). God’s intention in Creation (Gen. 1.26) is not fully realized in Creation, but in His works between Creation and the end of the world of which the Bible and the trinitarian Creed speak.<sup>28</sup>

Biermann attempts to restore the proper connection between redemption and creation as it relates to the two kinds of righteousness in *Leading As God’s Stewards*. For there he notes that Gen 1:28 should rightly be called the first great commission:

God created us for the sake of the creation. We are to use our unique human abilities to care for the creation around us. Thus, our purpose is tied to the creation, and we are

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<sup>27</sup> “The last Enlightenment precept I have identified was that everyone was an *emancipated, autonomous individual*. Its most immediately recognizable effect on Christianity was the rampant individualism which soon pervaded Protestantism in particular. Its influence went further, however. The church became peripheral, since each individual not only had the right but also the ability to know God’s revealed will. And because individuals were liberated and independent, they could make their own decisions about what they believed.” David J. Bosch, *Transforming Mission: Paradigm Shifts in Theology of Mission* (Maryknoll: Orbis, 1991), 273. Emphasis original.

<sup>28</sup> Wingren. *Creation and Law*, 28–29.

complete or fulfilled not by escaping the created realm, but by embracing our role and work within the created realm. Unlike religions and philosophies that contend that we should strive for release from the material realm, Christianity actually drives us into the midst of the creation, and anchors us in the material relationships that we share with every other creature... The story of salvation, beginning with the proto-evangelion in the garden of Eden and culminating in the eschatological consummation of the apocalypse, is the story of God's work to return us to the plan, and to restore us and all of creation to the Creator's design. This is what it means to begin with the first article of the creed, rather than the second. In fact, the second article with its focus on the Son's work of redemption only makes sense when seen in light of the Father's original action of creation. The Son's work is for the sake of the creation, and the Son seeks to restore all of creation. The objective is the restoration of humanity to its right place within the creation—including, of course, humanity's right place before the Creator. This is precisely the Father's eternal plan fully accomplished in the Son's obedient mission in the power of the Holy Spirit. Human beings, then, can only grasp their identity and purpose from the perspective of God's work of creation and redemption.<sup>29</sup>

It is this understanding of redemption rooted in creation that prepares us to understand the doctrine of stewardship in terms of God restoring to humankind both kinds of righteousness which were ours in Gen 1:26–28. Stewardship is neither an optional part of the life of a Christian nor does it form the basis of our identity before God. As our (passive) dependence on God is restored through the Gospel, we are empowered to embrace our (active) role and work within the created realm. To be fully human means that we are to be godly husbands and wives, children and neighbors. We are to be caretakers, managers, and stewards of everything that God has entrusted to us. This stewardship includes the proper management of the annual budgeting process. The development of a church operating budget does not contribute to our (passive) identity as baptized and redeemed children of God; however, it is one way in which we fulfill our (active) place within God's plan for his creation. It is part of our holy work of managing limited resources by prioritizing and budgeting for anticipated income and expenditures. The annual budgeting process is a theologically good and necessary activity of a congregation, but by itself

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<sup>29</sup> Biermann, *Leading As God's Steward*, 5–6.

is incomplete. If the church operating budget is the sole tool in the annual budgeting process at LCC, then we have designed a process to affirm only one kind of righteousness.

As was just said, using an operating budget is not a bad thing in and of itself. Developing a budget and stewarding congregational finances is a good and holy activity. However, if congregational leaders design or operate an annual budgeting process that affirms only a single kind of righteousness, then a theological problem will invariably result. The process may lead people away from their baptismal identity as (passive) recipients of God's gifts and lead them to put their fear, love, or trust in the budgetary process or financial position—i.e. idolatry. This lack of financial *and* theological integrity in the annual budgeting process results in a failure to affirm the fullness of an individual's or a congregation's life in Christ. Therefore, this project will need to design a solution to the problem which affirms the role of church operating budgets, while identifying the theological limitations of those budgets. The project should also help leaders identify ways to encourage congregation members to place their trust in their passive identity as baptized children of God throughout the annual budgeting process.

### **Nurturing Passive Righteousness**

Having defined the theological problem in terms of the two kinds of righteousness, it might appear that a straightforward solution would be to provide a list of activities which congregational leaders should add to their annual budgeting process in order to nurture an appreciation of our baptismal identity. Care must be taken with this approach lest the very solution of emphasizing spiritual practices, would subtly undermine the desired goal of strengthening fear, love, and trust *in God*. The Lutheran Confessions clarify for us in no uncertain terms that it is only the Holy Spirit who creates and sustains our faith by means of the Word of God and the Sacraments:

[1] To obtain such faith God instituted the office of preaching, giving the gospel and the sacraments. [2] Through these, as through means, he gives the Holy Spirit who produces faith, where and when he wills, in those who hear the gospel. [3] It teaches that we have a gracious God, not through our merit but through Christ's merit, when we so believe. [4] Condemned are the Anabaptists and others who teach that we obtain the Holy Spirit without the external word of the gospel through our own preparation, thoughts, and works.<sup>30</sup>

The Confessions remind us that the righteousness of Christ is received by faith only when the Law of God convicts the heart of the sinner and the Gospel is pronounced to him or her through God's Word and Sacraments.

The Augsburg Confession declares that individuals cannot and do not, by nature, possess true fear of God and true faith in God: "Furthermore, it is taught among us that since the fall of Adam, all human beings who are born in the natural way are conceived and born in sin. This means that from birth they are full of evil lust and inclination and cannot by nature possess true fear of God and true faith in God."<sup>31</sup> It is only by Jesus Christ that we are made holy since, "through the Holy Spirit he [Jesus] may make holy, purify, strengthen, and comfort all who believe in him, also distribute to them life and various gifts and benefits, and shield and protect them against the devil and sin."<sup>32</sup> From the opening articles on original sin and the Son of God in the Augsburg Confession, we discover that our own works are incapable of creating or strengthening our righteous standing before God.

This means caution must be exercised during the seminar when discussing activities to add to the budgetary process. If the performance of the activity is emphasized rather than faith in Jesus Christ and *his* righteousness, then the activity will become an idol. As the Augsburg

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<sup>30</sup> Augsburg Confession V.1–4 in Robert Kolb and Timothy J. Wengert, eds., *The Book of Concord: The Confessions of the Evangelical Lutheran Church* (Minneapolis, MN: Fortress, 2000), 40.

<sup>31</sup> AC II.1 in Kolb and Wengert, 38.

<sup>32</sup> AC III, 5–6 in Kolb and Wengert, 38.

Confession goes on to state clearly, “Furthermore, it is taught that we cannot obtain forgiveness of sin and righteousness before God through our merit, work, or satisfactions, but that we receive forgiveness of sin *and become righteous before God* out of grace for Christ’s sake through faith.”<sup>33</sup> The endeavor of developing activities during the budgetary process to encourage congregation members to cling to their baptismal identity given to them by Christ is not therefore doomed to failure. Only the specific approach of *offering a list* of activities such as prayer, Scripture readings, and hymn singing (as if they were good and God-pleasing in and of themselves) is unacceptable from the perspective of the Confessions.

### The Role of the Law in Congregational Budgeting

The Confessions distinguish the two ways that the Word of God addresses us in the Law and the Gospel: <sup>34</sup> “We believe, teach, and confess that the law is, strictly speaking, a divine teaching which gives instruction regarding what is right and God-pleasing and condemns everything that is sin and contrary to God’s will.”<sup>35</sup> The Law of God is to be proclaimed throughout the annual budgeting process to instruct individuals in what is God-pleasing and to condemn all sin and idolatry that may arise during the process.

This proclamation of the Law can be accomplished in many ways, such as the use of Scripture readings, devotions, hymnody, art, or other resources rooted in the Scriptures. It is here

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<sup>33</sup> AC IV, 1 in Kolb and Wengert, 38. Emphasis mine.

<sup>34</sup> “All Scripture should be divided into these two main topics: the law and the promises. In some places it communicates the law. In other places it communicates the promise concerning Christ, either when it promises that Christ will come and on account of him offers the forgiveness of sins, justification, and eternal life, or when in the gospel itself, Christ, after he appeared, promises the forgiveness of sins, justification, and eternal life. Now when we refer to the “law” in this discussion we mean the commandments of the Decalogue, wherever they appear in the Scriptures. For the present we will say nothing about the ceremonial and civil laws of Moses.” Apology of the Augsburg Confession IV.5–6 in Robert Kolb and Timothy J. Wengert, eds., *The Book of Concord: The Confessions of the Evangelical Lutheran Church* (Minneapolis, MN: Fortress, 2000), 121.

<sup>35</sup> Formula of Concord Epitome V.3 in Robert Kolb and Timothy J. Wengert, eds., *The Book of Concord: The Confessions of the Evangelical Lutheran Church* (Minneapolis, MN: Fortress, 2000), 500.



that stewardship resources may be helpful in identifying aspects of God's Law that may be especially applicable during the annual budgeting process when discussions of money, ownership, and anxiety regarding a congregation's future are regular topics. Proclaiming the truth of our identity as creatures completely dependent on our Creator is one aspect of God's Law that can be helpful during this time: "Know that the LORD, he is God! It is he who made us, and we are his; we are his people, and the sheep of his pasture" (Ps 100:3 ESV).<sup>36</sup> Passages such as Gen 1:1, Heb 11:3, and Ps 100:1–5 declare our identity within this relationship of creature to Creator. Such passages lead us to affirm Luther's explanation of the first commandment, "We are to fear, love, and trust God above all things."<sup>37</sup>

Even as we are led to affirm God's Law, it will speak words of condemnation of various forms of idolatry. In the budgetary process a congregation may be led to an *unhealthy fear* of projected deficits or low cash reserves. Conversely congregations may be led to an *unhealthy trust* in bank balances and projected surpluses. A word of caution needs to be repeated here. More precisely, our theology of creation as it relates to the two kinds of righteousness must reassert itself.

Beginning in Gen 1, our role in creation involves having dominion, subduing, and cultivating God's creation. Our divine mandate from the beginning is to cultivate the land that God has entrusted to us to manage it well. We are not created to use up God's limited resources with no intention of replenishing and sustaining God's creation. Projected deficits, i.e. plans to consume more than God provides, are not a *regular* part of responsible stewardship. *Regularly* failing to plan for unexpected financial challenges or ministry opportunities by neglecting to

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<sup>36</sup> All Scriptural references will be from ESV unless otherwise noted

<sup>37</sup> Small Catechism I.1–2 in Robert Kolb and Timothy J. Wengert, eds., *The Book of Concord: The Confessions of the Evangelical Lutheran Church* (Minneapolis, MN: Fortress, 2000), 351.

create a cash reserve is not part of responsible stewardship.

All this is to say that it is *not* the fear of deficits or low cash reserves that is the source of idolatry. That kind of fearful reluctance to deplete God's creation is part of our holy calling as stewards of creation. Jeffery Oschwald develops this idea in *Inviting Community* when addressing the topic of American consumerism.<sup>38</sup> He reminds us that God created each one of us to be a consumer—i.e. to live off the land. Consumption itself is not a sin, but just the opposite. It is part of our essential nature as a creature of God who is dependent on God. But when the consumption becomes wasteful or conspicuous (a matter of power and status against others), it becomes sinful.

Returning to the task of applying God's Law to individuals involved in the annual budgeting process, it is not the fear of deficits that is the problem. It is when a congregation fears a deficit more than they trust in God to provide. It is not the trust in cash reserves that is the problem unless it has moved into an unhealthy extreme.

As previously mentioned in this MAP, Luther did not consider the use of tools to manage our labor on earth as sinful. In fact, in the explanation of the first commandment he encourages us to use "all of God's gifts exactly as a shoemaker uses a needle, awl, and thread for his work and afterward puts them aside, or as a traveler makes use of an inn, food, and lodging, but only for his physical needs." But Luther adds the caution, "Let each person do the same in his or her walk of life according to God's order, allowing none of these things to be a lord or an idol."<sup>39</sup>

The presence or lack of cash reserves ought not to define a congregation's confidence or

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<sup>38</sup> Jeffery A. Oschwald, "Eat, Drink and Be Caring: Biblical Lifestyle in Dialog and Defiance of Consumer Culture," in *Inviting Community*, ed. Theodore Hopkins and Robert Kolb, eds. (Saint Louis: Concordia Seminary Press, 2013), 143–157.

<sup>39</sup> LC I, 47 in Kolb and Wengert, 392.

fear: “Some trust in chariots and some in horses, but we trust in the name of the LORD our God” (Ps 20:7). Scripture also warns, “Woe to those who go down to Egypt for help and rely on horses, who trust in chariots because they are many and in horsemen because they are very strong, but do not look to the Holy One of Israel or consult the LORD!” (Isa 31:1). The Scriptures invite us to place our trust in God.

This entire discussion about the application of God’s Law is important to direct the seminar away from offering a simplistic list of Bible passages or devotions to use during the annual budgeting process. Instead, the goal of the seminar is to re-introduce the need for making time within the annual budgeting process for the Law of God to be proclaimed and to call people to fear, love, and trust in God throughout the budgetary process.

### The Role of the Gospel in Congregational Budgeting

The Confessions direct us to speak the Gospel at any point in the budgetary process when the Law has done its work of convicting people of their sin.<sup>40</sup> At any point in the budgetary process when idolatry has been confessed and a sinner’s conscience has been terrified by God’s holy Law, the congregational leader is encouraged to pronounce and bestow the forgiveness of sins won by Christ and to offer comfort through the Sacraments of Baptism or Holy Communion.

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<sup>40</sup> The Confessions make a distinction between the gospel in the broad sense or the gospel in the narrow sense. “The gospel is, strictly speaking, the kind of teaching that reveals what the human being, who has not kept the law and has been condemned by it, should believe: that Christ has atoned and paid for all sins and apart from any human merit has obtained and won for people the forgiveness of sins, ‘the righteousness which avails before God,’ and eternal life. However, because the word ‘gospel’ is not used in just one sense in the Holy Scripture—the reason this dispute arose in the first place—we believe, teach, and confess that when the word ‘gospel’ is used for the entire teaching of Christ, which he presented in his teaching ministry, as did his apostles in theirs (it is used in this sense in Mark 1[:15\*], Acts 20[:24\*]), then it is correct to say or to write that the gospel is a proclamation of both repentance and the forgiveness of sins. When, however, law and gospel are placed in contrast to each other—as when Moses himself is spoken of as a teacher of the law and Christ as a preacher of the gospel—we believe, teach, and confess that the gospel is not a proclamation of repentance or retribution, but is, strictly speaking, nothing else than a proclamation of comfort and a joyous message which does not rebuke nor terrify but comforts consciences against the terror of the law, directs them solely to Christ’s merit, and lifts them up again through the delightful proclamation of the grace and favor of God, won through Christ’s merit.” FC Ep V, 5–7 in Kolb and Wengert, 500–501.

This is the only means that God has given us with which to create faith and to re-establish our baptismal identity as passive receivers of God's grace.

On the one hand, proclaiming the gospel message of Jesus is straightforward and uncomplicated to execute. On the other hand, questions can arise regarding when and how to accomplish it. Whenever the finance committee or voter's assembly encounters an area of idolatry or unhealthy anxiety regarding the operating budget, then the Christian leader or pastor can interrupt the budgetary process to acknowledge the sin and to proclaim the forgiveness of sins accomplished through Jesus Christ. Kolb points out that the "good news" of salvation through Jesus Christ is not to be treated as "information about yesterday's events," but rather that it becomes the Gospel when "it grasps the sinner with the promise that Christ lived, died, and rose 'for you!' and 'for me!' and 'for us!'"<sup>41</sup>

For example, the Christian leader might begin by selecting a Biblical passage such as Heb 3:12–19 to summarize a New Testament warning about the Israelites who did not trust in God during the days of the wilderness wanderings. The leader might take a moment to make observations about the current budgetary discussion which then would lead to offering a general prayer of confession of sins.<sup>42</sup> This is not done by assuming the leader knows what is going on in the hearts and minds of the group. But rather this is accomplished by acknowledging the specific dialogue that is occurring publicly and confessing the verbal or nonverbal expressions of excessive fear, love, or trust in earthly things. The specific observations regarding the words or actions of the group can be connected with Scripture passages which assert God's proper role above and beneath his creatures (Ps 20:7; Isa 31:1; Col 1:15–18). These elements can form the

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<sup>41</sup> Kolb and Arand, *The Genius of Luther's Theology*, 41–42.

<sup>42</sup> The Scripture provides numerous examples of this type of intercessory prayer offered by leaders such as Abraham (Gen 18–19), Moses (Exod 8:8ff; Num 21:7), Samuel (1 Sam 20:23), and Nehemiah (Neh 1:4–11).

specific details of a prayer of confession which acknowledges the manner in which the budgetary process has not operated in a God-pleasing manner.

Either as part of the prayer or immediately after, the declaration should be made that Jesus Christ has died for you, for me, and for us. Romans 3:22a–25 can provide a helpful wording from Scripture for this kind of proclamation. Specific reference can be made to the baptism of the individuals, reminding them of God’s gracious choice to graft them into the family of faith (Rom 11:11–15; Titus 3:5–7; Eph 1:4–10). References to the forgiveness received individually through the Sacrament of Holy Communion can be shared to encourage faith in the body and blood of Christ that is given and shed for the remission of sins (Matt 26:26–28).

In addition to the corporate confession and assurance of forgiveness through Christ Jesus, it would be appropriate to share Scripture passages which encourage faith and trust in God. The Old and New Testament offer countless stories and psalms of encouragement to trust in God’s provision (Deut 8:1–4, 11–18; Ps 145:15–16; Prov 3:5; Luke 12:4–7; Rom 8:31–39). Jesus himself uses the very things of creation such as birds, flowers, and hairs on our head to elicit trust in the Heavenly Father (Matt 6:25–30; 10:30–31). The writer of Hebrews states that these promises form the framework of faith in God because, “faith is the assurance of things hoped for, the conviction of things not seen...by faith we understand that the universe was created by the Word of God, so that what is seen was not made out of things that are visible” (Heb 1:1–3). It is the words and promises of God which the Holy Spirit uses to create and strengthen the faith of an individual where and when He wills.<sup>43</sup>

The example above omitted specific reference to the pronouncement of absolution by a

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<sup>43</sup> “Neither you nor I could ever know anything about Christ, or believe in him and receive him as Lord, unless these were offered to us and bestowed on our hearts through the preaching of the gospel by the Holy Spirit.” LC II, 38 in Kolb and Wengert, 436.

called and ordained pastor such as is ordinarily used during the Divine Service or the rite of Individual (or Corporate) Confession and Absolution.<sup>44</sup> This was done for two reasons. First, and most importantly, I am assuming that the pastor is involved in the budgetary process and not somehow outside or above the process. The distinction of the two kinds of righteousness applies to the pastor who has to live within this distinction and not outside of it. In addition, the task of discerning what is excessive fear, love, and trust in earthly things is not an objective process. There is no litmus test for pastor or congregation. It is a subjective process in which pastor and parishioner alike ought to prayerfully engage.

I would encourage the pastor to receive the comfort of the Scriptures together with God's people instead of apart from God's people. This is not to say that pastors cannot be absolved of their own sins during the rite. But the rite of individual confession and absolution itself emphasizes the separateness of pastor and penitent. The person is specifically asked, "Do you believe that the forgiveness I speak is not my forgiveness but God's? Let it be done for you as you believe."<sup>45</sup> This dialogue comes from a Scriptural and evangelical impulse to reassure troubled sinners that their sin stands forgiven. It is especially helpful for people who have read the Scriptures and who know in their head that Jesus died for their sin, but who doubt in their heart that Jesus' forgiveness was meant for their particular transgression.

This brings me to the second reason for omitting references to the use of the rite of absolution. In the context of the annual budgetary process, there is no reason to automatically assume doubt towards the Scriptural promises of forgiveness through Jesus Christ. Instead I believe it would be appropriate to encourage the use of the general assurance of pardon for

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<sup>44</sup> The Lutheran Church —Missouri Synod, *Lutheran Service Book* (St. Louis, MO: Concordia, 2006), 151, 290–293.

<sup>45</sup> *LSB*, 293.

pastors or Christian leaders during this process.

My example also omitted any opportunity for individuals to express repentance. A person might object to my suggestion for offering God's pardon to someone who has not in some manner publicly acknowledged their sin. On the one hand, I am assuming that the pastor or Christian leader addressing the group will watch for nonverbal indications of repentance. When God's Law is being explained and the group's conversation is being referenced, the leader should watch for signs of acknowledgement or agreement. In fact, if the leader does not receive such feedback, it might be appropriate to lead the group into a deeper exploration of the two kinds of righteousness distinction. The men and women of God who attend can prayerfully consider the path of the conversation and seek discernment as to where idolatry may be found.

On the other hand, Ted Kober in his book about confession and forgiveness would acknowledge that it is not necessary to withhold forgiveness until an individual expresses repentance:

While we were still sinners, even while we were enemies of God, Christ died for us. Notice that our redemption [according to Romans 5:6–10] came *before* we were born, *before* we believed in God, and *before* we repented and confessed any sin. God's forgiveness for us came long before we existed. ...The granting of forgiveness is *not* conditional upon repentance, but the receiving of forgiveness *is* conditional upon repentance and faith. ...If we are to forgive others as God has forgiven us in Christ, then children of God forgive others immediately, before they confess, before they repent. In fact, in order to mirror God's forgiveness for us, a Christian ought to forgive others before they have sinned against her. *That's impossible—why, that would take an act of God!* So it would. Forgiveness is a miracle of God.<sup>46</sup>

## Summary of Chapter Two

In conclusion, this theology section has attempted to define what it means to develop a budgeting seminar using a two kinds of righteousness framework and then to offer a solution for

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<sup>46</sup>Ted Kober, *Confession & Forgiveness: Professing Faith As Ambassadors of Reconciliation* (St. Louis: Concordia, 2002), 131. Emphasis original.

the theological problem identified in the introduction. A seminar using this framework will affirm the importance of congregational budgeting, while exposing the theological limitation of a church operating budget. Specifically, it will educate the leaders of LCC that the church operating budget is a tool that affirms only our horizontal (active) righteousness. A budget alone does not encourage a congregation to place their trust in their Heavenly Father.

The goal of the seminar is not only to educate the leaders in regard to the theological limitations of the church operating budget, but also to encourage them to develop specific changes to the budgetary process at LCC that encourage the congregation's baptismal identity in Christ. The seminar will not attempt to emphasize a list of "works" that groups are to perform, thereby negating the role of faith in Christ.

Instead, the seminar will provide encouragement to allow flexibility during the budgetary process for Law and Gospel to be used when idolatry is evidenced during the budgetary conversations. When the groups' words or attitudes begin to exhibit an excessive amount of fear, love, or trust in earthly or financial concerns, then the leader should be equipped to utilize God's Word in a time of confession and forgiveness and to strengthen God's people with the promises and assurances of God.



## **CHAPTER THREE**

### **RECENT RESEARCH**

#### **Introduction**

This research project takes place in the context of a spectrum of budgeting and accounting resources designed for widely different audiences. There are those that address the pastor, the church bookkeeper or treasurer, the church council and executive team, or some combination of the above. These resources range from dealing with general church leadership topics about learning to read financial reports to in depth discussions on cash controls that churches should use when receiving and spending money. Some are specifically focused on fundraising and donor management. Still others attempt to connect theology and finance as they define a Biblical basis for preaching and teaching about money or apply Biblical principles to the task of leading a Christian congregation. Finally, there is a subset of resources which are written primarily for an audience of accountants who address either churches specifically or who are more generally focused on not-for-profit. These types of resources apply the Generally Accepted Accounting Principles (GAAP) to the reporting and financial management of not-for-profit organizations.

The ministry problem at LCC which is being addressed by this MAP requires the development of an understanding of the limited role a church operating budget should occupy in the annual budgeting process. Essential to this goal is to bring together the diverse body of church finance resources in order to develop a working definition of a church operating budget and to create a conceptual representation of the annual budgeting process. Based on the conceptual representation of the annual budgeting process, I will then be able to illustrate the limitations of the church operating budget in the seminar that I create.

On the most basic level, a budget is a “plan for allocating available resources.”<sup>1</sup> A budget begins with an estimated amount of limited resources and creates a plan to prioritize and allocate the resources based on a system of values or objectives. Under this broad definition of a budget there is a large subcategory of financial budgets. For instance, J.E. Ramsey in his book *Budgeting Basics: How to Survive the Budgeting Process* identifies at least four major categories of budgets in various industries which have many variations under them:

(1) Capital Budgeting: Capital Budgeting involves the money to be spent on capital equipment for the company...Capital budgeting deals specifically with estimating the costs of the new pieces of equipment and the savings, if any, to be generated from the new pieces of equipment.

(2) Production Operating Budgets: The budget that deals with the costs for the goods and services produced, either on a department basis or on a product basis, is called an operating budget. You as a supervisor may be told to control the costs in your department as closely as possible and not to worry about (1) the prices charged for the goods and services you produce and (2) the costs outside your department. That is, you may be told to concentrate on the costs you can influence (control) and let others worry about other costs and revenue.

(3) Non-Production Operating Budgets: ...other non-production departments such as sales, purchasing, and stores [to manage inventory], will also have budgets.

(4) Fixed and Flexible Budgeting: In most accounting systems the accounting department will accumulate actual costs during the month (accrue) and, at the end of the month, issue a report comparing the actual costs to the budgeted costs. You may then be asked to analyze and explain the differences...If you compare the actual costs to the planned-production budget, you are treating the planned production as a “fixed” budget. If you adjust the budget costs to reflect the actual units of output, then you are comparing actual costs to budgeted costs for the same number of units of output. This is called a “flexible” budget.<sup>2</sup>

All of these financial budgets begin with an estimated amount of limited money and other resources and then create a plan to prioritize and allocate the resources based on a system of values or objectives. Each of these financial budgets are created for a different purpose. Some of

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<sup>1</sup> Jack A. Henry, *Basic Budgeting for Churches*, 6.

<sup>2</sup> J. E. Ramsey, *Budgeting Basics: How to Survive the Budgeting Process* (New York: F. Watts, 1985), 19–22.

these budgets are intended for different audiences. They may span different timeframes and are used to forecast distinct time horizons. With such a diverse landscape of budgets, it is important for this MAP to distinguish and define the church operating budget.

### **Church Operating Budget**

I will define the church operating budget as the estimation of yearly income and expenses required to operate a congregation's ministries. At LCC, the church operating budget refers specifically to LCC's income and expense statement which is presented annually to the voter's assembly for approval. This definition is broad enough to encompass the church operating budget that is used at LCC as well as other congregations. Whether a church uses a cash or a modified cash basis accounting, whether it has multiple allocations or QuickBooks classes it uses to divide income and expenses, or it has a simplified report of the projected income and expenses of a single checking account register, this definition is still applicable.

In the context of a congregation that handles smaller amounts of money and writes a few checks on a monthly basis, the income may primarily be made up of weekly offerings. Their expenses are a listing of all the checks written. For these congregations, the weekly inflows and outflows would be reported annually on their income and expense statement. In larger congregations or congregations with school ministries, the weekly deposit of money may include money from memorials, endowments, tuition payments, reimbursements for office expenses, donations for outside organizations, etc.

At LCC the basic definition of a church operating budget is applied in a more nuanced manner because it does not record the entire weekly deposit of money as *income* nor record every check written as an *expense* paid from our operating budget. LCC receives donations that are gifts intended for outside organizations or are designated by a donor to be used under certain

conditions. These are not considered regular or miscellaneous church income but rather are recorded as receipts to various special funds that do not appear on our income and expense statement.

At the same time LCC writes checks in addition to those that are for expenses related to running the church. Money disbursed from collections from door offerings or LWML donations that are paid out to missionaries and outside organizations are not defined as church operating expenses. We do not report these payments on our income and expense statement. Instead, we utilize fund accounting to keep track of money which is received by LCC but is flowing immediately out to other organizations or is designed by donors to pay for one-time projects. These funds are tracked electronically on LCC's balance sheet and not on the statement of income and expense. In fact, the C.P.A.s involved in *Financial and Accounting Guide for Not-For-Profit Organizations* point out,

The financial statements of not-for-profit organizations can often be voluminous and complex because each restricted fund grouping, as well as the unrestricted fund, may have its own set of financial statements...Not-for-profit organizations have a responsibility to account for funds that they have received. This responsibility includes accounting for certain specific funds that have been given for use in a particular project, as well as a general obligation to employ the organization's resources effectively. Emphasis, thus, is place on accountability and stewardship. To the extent that the organization has received gifts restricted for a specific purpose, it may segregate those resources and report separately on their receipt and disposition. This separate accounting for restricted resources is called fund accounting.<sup>3</sup>

This MAP's definition of a church operating budget and the nuances of LCC's operating budget do not mean to imply that other budgets are useless or should be ignored. On the contrary, two other C.P.A.s encourage the use of two additional types of budgets in conjunction with an operating budget: a capital expense budget and a debt principal budget:

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<sup>3</sup> Malvern J. Gross, John H. McCarthy, and Nancy E. Shelmon, *Financial and Accounting Guide for Not-For-Profit Organizations*, 6th ed. (Hoboken, NJ: Wiley, 2000), 22.

A church operating budget should reflect the church's estimated revenues and expenses. Two significant elements of a church's cash disbursements do not constitute expenses—capital expenditures and debt principal reduction. Rather, a capital expenditure represents the purchase of, or improvement to, one or more assets. A debt principal reduction expenditure results in a decrease of one or more of the church's liabilities....For a capital expenditures budget or a debt principal reduction budget, it is essential for the church to identify the sources of funds that will be used to make the capital or debt principal reduction expenditures. The sources of funds may be a surplus from the operating budget, cash reserves, special gifts expected to be raised for the particular purpose, or other sources.<sup>4</sup>

A capital expense budget and debt principal budget are supplements to the church operating budget. Neither of these is ever offered as a *replacement* to the church operating budget.

### **Annual Budgeting Process**

The next definition to consider is the annual budgeting process. Every organization has its own approach to the annual budgeting process. However, there are similarities that emerge across organizations, be they for-profit or not-for-profit entities. The accounting firm of PricewaterhouseCoopers LLP describes this phenomenon by noting, "Across the variety, the budget process maintains a remarkably consistent shape from place to place. Generally, the budget process consists of three basic phases: 1. Budget development, 2. Budget monitoring, tracking, and adjustments, 3. Analysis of final results."<sup>5</sup> Within each of these stages there can be numerous steps. *Basic Budgeting for Churches* attempts to draw attention to these smaller steps as it defines the annual budgeting process:

Budgeting is a process, not an action. By that, I mean that a series of actions, or activities, takes place over a period of time that culminates in a budget...Budgeting also includes setting goals, assigning priorities to them, developing a plan for achieving them, operating the plan, evaluating the results, and replanning (sic).<sup>6</sup>

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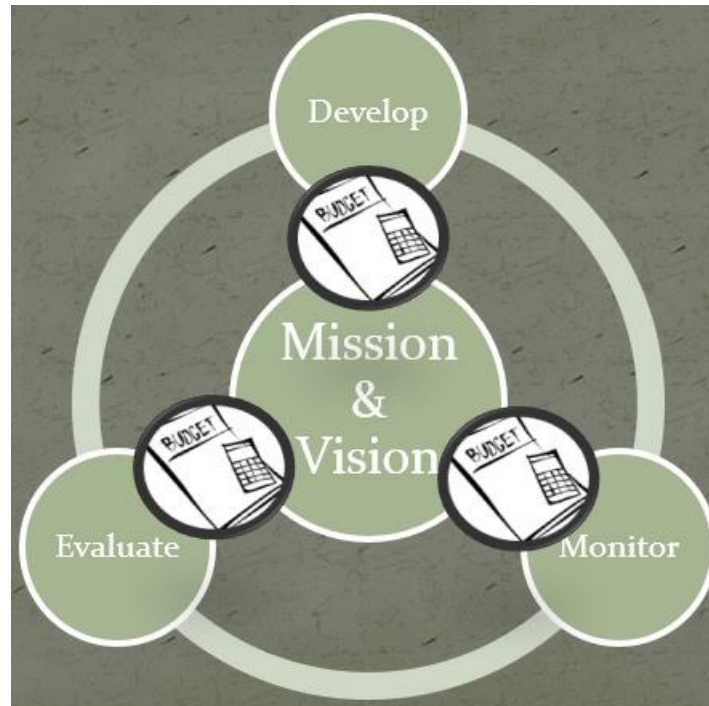
<sup>4</sup> Batts, *Managing Ministry Resources*, 7.

<sup>5</sup> Maddox, *Budgeting for Not-For-Profit*, 27.

<sup>6</sup> Henry, *Basic Budgeting for Churches*, 14.

Because of the cyclical nature of the annual budgeting process I decided to represent these steps in a continuous circle of activities (Figure 2).

Figure 2. Budgetary Process Conceptual Model and the Connection Between Mission and Budgets



The quote above hints at another necessary component to a conceptual drawing of the annual budgetary process. There are goals and organizational objectives that are to be accomplished which need to be prioritized within the church operating budget. Developing a church operating budget is only a means to an end; it is not the end itself. Congregations do not exist to make budgets, but rather congregations exist to glorify God and to make disciples of all nations. They exist to fulfill their mission and vision through investments of money in various personnel, property, and projects. A church creates an annual operating budget to estimate future income and prioritize expenses in an effort to accomplish this mission and vision. This is precisely what multiple authors recognize as they write about the annual budgeting process:

Addressing church budgets starts with understanding the broader context of a church's mission and purpose. If a budget represents the financial blueprint for carrying out a church's ministry plan for a particular period of time, then logic would dictate that such a blueprint and its related ministry plan should be a function—a derivative—of the church's mission and purpose.<sup>7</sup>

For the seminar I have chosen to depict the circular cycle of the annual budgeting process to be centered around a church's mission and vision. At the same time, I needed to illustrate the manner by which the budget is to function as a bridge between the mission and vision in the various stages of the annual budgetary process. I graphically represented this connection between the church operating budget and the mission and vision by overlapping the graphic of the budget with each of the three steps—develop, monitor, and evaluate.

### **Lutheran Church of the Cross Annual Budgeting Process**

In 2015 LCC changed their church constitution to create a special committee outside of the church council to conduct the financial planning steps of *developing* and *evaluating* the annual church budget. This group is called the finance committee and consists of the treasurer, the chairperson of the board of stewardship, and at least one, but no more than three, at large members of the congregation appointed by the president with the approval of the church council. Their task is to work with the various boards and ministries to estimate financial needs and expenses for the coming calendar year. The finance committee receives the input from these groups and develops an annual church budget along with a verbal assessment of observations and recommendations. They are asked to consider, not only operational expenses, but also estimate upcoming capital expenses. The committee presents their report directly to the voter's assembly and does not require the ratification or approval of the church council.

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<sup>7</sup> Batts, *Managing Ministry Resources*, 2

There currently is no active monitoring of the church operating budget that is performed by the finance committee. The church bookkeeper and treasurer are responsible for cash disbursements. A financial secretary is responsible for the counters and all cash deposits. The church council at LCC will adjust for unexpected circumstances by authorizing additional expenditures to the annual church budget throughout the fiscal year. Toward the end of the fiscal year the boards and committees will receive a report of their actual income and expenses for that year and then are asked to produce estimates for the following year.

In the two years that I have been serving at LCC, we have held over five strategic planning sessions attempting to define our mission, vision, strategy, and measures through a process called Church Unique (Appendix Eleven and Twelve). We are still at the very early stages of developing, much less communicating, this mission, vision, strategy, and measures. None of the strategic planning work has been formally incorporated by the finance committee, church council, boards, or committees in their development, monitoring, or evaluation of the annual church budget.

By formal, I am referring to the fact that we have no tool to develop or evaluate our annual church budget in reference to our new mission and vision statement. We have defined our mission statement as, “Welcoming all to walk together toward abundant life in Christ.” We have described our strategy for accomplishing this as engaging people in opportunities for worship, Biblical learning, and Christ-like serving. We encourage people to live at the intersection of worship, service, and learning. We depict this with a Venn diagram that visualizes those three actions with the center consisting of the Word of God and the Sacraments.

As part of the strategic planning process we have defined measures which are intended to help LCC evaluate whether our worship, learning, and serving opportunities are effectively

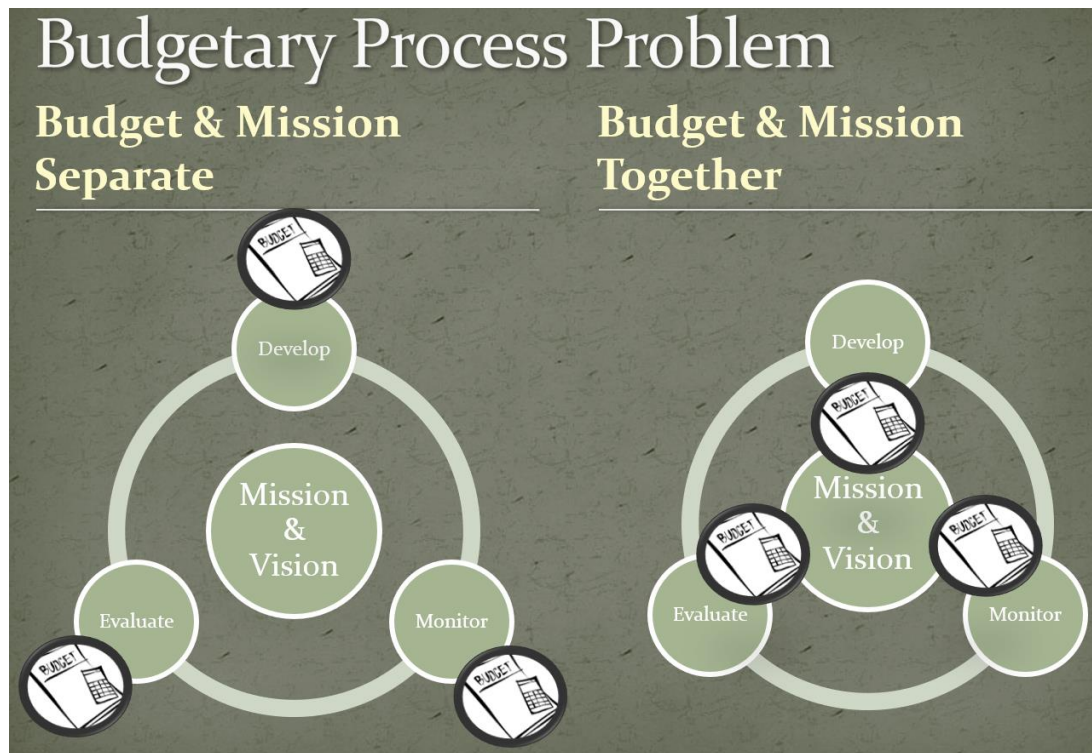


accomplishing our mission. If a program or ministry helps people to walk in the Word of God, serve with commitment, and share Jesus with joy, then we would consider that ministry effective. For each of these three areas of measurement we have defined and clarified what we mean by each of those measures. For instance, walking in the Word of God means that a person is reading the Bible regularly, praying regularly, worshiping regularly, studying the Bible with other Christians, living their life according to the Bible, raising their children in the Christian faith, and identifying themselves as a lifelong student of the Scriptures.

We have not translated these measures into any formal tool that our ministry leaders, our boards, or our finance committee could use during the budgetary process to assess the effectiveness of their individual programs or events. It is for this reason that LCC does not have a formal way of connecting their mission and vision with the development, monitoring, or evaluation of the annual church budget.

At the same time, I believe that we do not have any informal ways of connecting LCC's mission and vision to our budget process. We do not set aside any intentional time during the annual budgetary process to review, consider, or discuss any of the strategic planning work. It may be that individuals assume that their program, project, or activity is accomplishing the mission and vision of the church. Or it may be that the individual is expected to apply their understanding of the mission and vision while they develop, monitor, and evaluate their spending. For these reasons, I have illustrated the limitation of the annual church budget by diagramming the budgetary process with the budget disconnected from the mission and vision (Figure 3).

Figure 3. *left*, Problematic Budgetary Process. When budget is developed and used separate from mission and vision.; *right*, Ideal Budgetary Process. When budget is a direct expression of mission and vision in monetary terms



### Proposed Solutions from Research

In my research I came across three proposed solutions for the problem of an annual church budget being disconnected from the church's mission and vision. The first, called zero-based budgeting, was by far the most commonly offered solution. The second was called a strategic budget. The third, called the planning resource worksheet, was offered in 1978 by a father and son who both were Certified Public Accountants and who worked in churches.

Because the zero-based budget solution has been widely documented by others and summarized in chapter one of this project, I will share a single illustration of this solution as found in *Church Finance*:

Zero-based budgeting does not involve increasing or decreasing the prior year budget, a practice commonly referred to as “incremental budgeting.” Rather, it starts with a blank sheet and asks the youth minister, for example, to list each activity or program he or she believes should be conducted and to apply a cost to each activity or program. Accordingly, when adjustments are made, they are not in the form of “10 percent across the board.” Rather, they are in the form of “let’s not take the kids on that whitewater rafting trip this year.” Applied across the entire church to every department, a genuine use of zero-based budgeting has an amazing knack for ferreting out waste and nonessential activity. It also allows church leaders to make specific priority decisions on an activity-by-activity or program-by-program basis, rather than in simple percentages or dollar amounts. It facilitates surgery with a scalpel as opposed to an axe.<sup>8</sup>

This proposed solution does remove the temptation to start with “what we did last year” as a basis for planning the new year. However, I would argue that zero-based budgeting does not attempt to create a direct link from the budget to the mission and vision of the organization. Zero-based budgeting does not offer a mechanism for asking the youth minister if his or her programs helped people walk in the Word of God, serve with commitment, or share Jesus with joy. In this example, it asks the youth minister to list each activity “he or she believes should be conducted.” I am sure it is assumed that each staff member desires to accomplish the same mission and vision. I am sure it is assumed that the congregational leaders who receive the youth minister’s proposal must evaluate it on the basis of accomplishing their mission and vision. But this is the precise problem. This approach does not give any suggestion how to explicitly connect the mission and vision of the church with the budget. It does not offer ways to compare the program spending with the mission or vision of the church.

The other major difficulty with this solution is that, if it functions perfectly, it will evaluate only a small portion of the church financial investments. At LCC for the fiscal year 2017 we had total church expenses of \$307,364. Of that amount \$127,250 was staff compensation and

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<sup>8</sup> Batts, *Managing Ministry Resources*, 3.

\$104,576 was for plant operations. For LCC the zero-based budgeting process would look at only 25% of the remaining fixed expenses. And 37% (or \$28,194) of that remaining \$75,538 expenses was not “program” expenses but office and administration costs of copiers, telephones, software, etc. Assuming everyone rigorously evaluated LCC’s activities and programs on the basis of our mission and vision, the zero-based budgeting solution would have us examine only 15% of our 2017 total church expenses.

The second solution I encountered was called a strategic budget. Aubrey Malphurs and Steve Stroope are also concerned with mission and vision being disconnected from operating budgets of churches:

A budget guides a church in how it will spend its money, but too often it ignores the ministry’s values and the plan to accomplish its mission and vision. It may be that the church doesn’t even know what its core values are and may not have a biblical mission and a vision. Instead, it allocates funds to keep the doors open, meet salaries, pay the light bill, and so forth. That’s just a budget, nothing more.<sup>9</sup>

Their solution to this problem is to suggest developing a strategic budget through a five-step process of a) reviewing values, mission, vision, and strategy, b) determining next year’s income, c) determining the allocation of funds, d) communicating allocations to paid and lay leadership, and e) setting up a cash-forward reserve with a bank.<sup>10</sup> In step one, Malphurs and Stroope recommend going through the strategic planning process like LCC has already done. But in steps two and three of the budget development process, they do not offer any specific ways to connect the mission and vision development with proposed expense allocations. Instead they recommend congregations to utilize one of two approaches to allocations. The fundamentals approach

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<sup>9</sup> Aubrey Malphurs and Steve Stroope, *Money Matters in Church: A Practical Guide for Leaders* (Grand Rapids, MI: Baker Books, 2007), 53.

<sup>10</sup> Malphurs, *Money Matters in Church*, 66.

allocates funds into the areas of missions, personnel, programming, and facilities.<sup>11</sup> The functions approach allocates funds into areas of the church ministry such as evangelism, Bible teaching, fellowship, worship, and service or ministry.<sup>12</sup> This approach is moderately complex because it requires the church to allocate a portion of the mortgage, water and electric bill, insurance, and maintenance to the individual ministry that received a benefit.

The authors do not provide any specific guidance for linking the mission and vision with either process of allocation. They do mention zero-based budgeting in connection with communicating allocations as an attempt to eliminate “budget barnacle” expenditures.<sup>13</sup> These are expenditures that have become a regular part of the budget but have not been reviewed in light of the mission and vision. The authors also recommend that ministry leaders consider making a “ministry-expansion request” if they decide there is an area of their mission and vision that could be accomplished through a new endeavor.<sup>14</sup>

Once the budget is developed, Malphurs and Stroope invite leaders to ask a few general questions about their budget: “Does our budget support a biblical mission and vision? Does our budget reflect a biblically balanced set of core values? Is our budget outreach or in-reach oriented?”<sup>15</sup> These are some of the starting questions that I would like my leaders to be asking during the seminar. But there are no specific tools or methods for making more specific connections between an operating budget and a church’s mission and vision.

The third solution I encountered in my research was called a planning resource worksheet.

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<sup>11</sup> Malphurs, *Money Matters in Church*, 58.

<sup>12</sup> Malphurs, *Money Matters in Church*, 61.

<sup>13</sup> Malphurs, *Money Matters in Church*, 64.

<sup>14</sup> Malphurs, *Money Matters in Church*, 65.

<sup>15</sup> Malphurs, *Money Matters in Church*, 71–72.

Manfred Holck Sr. and Jr. created this tool to be used during the budget planning and evaluation step of the annual budgeting process. The father served at St. Martin's Lutheran Church and the son was the founding pastor of St. Martin's Lutheran Church in Houston, Texas and later was pastor of Philadelphia Lutheran Church in Swiss Alp, Texas for the Lutheran Church in America (LCA). Although they do not reference mission and vision statements by name, they describe a primary step called listing objectives:

Thus, a list of objectives and goals must be agreed upon. Before any dollars are attached to the costs of any programs, your congregation must agree on where it wants to go, what it intends to do, and whether or not existing programs should be continued, expanded, or discarded. Maybe you will only re-evaluate what you already have. Maybe you will toss something out which no longer serves a useful purpose although it may have done so in the past. Maybe you will keep the things that are working well and attempt to develop new ideas to replace what hasn't turned out so well in the past.

One way to develop that scheme of goals is to form a large budget planning committee, a committee that can dream dreams they never thought possible to achieve in your congregation (and maybe they still can't!). A good cross section of the membership can be called together for one or two meetings just to brainstorm where the congregation should be going. Perhaps as many as forty people could attend.

But, prior to that first meeting, someone should prepare an accurate fact sheet about where the congregation has been and what it is doing now. That's so the entire committee will have the same basic information and assumptions about what has been going on.<sup>16</sup>

The Holcks are describing an annual budgetary process that is connected to the future vision of a congregation and evaluating and developing a budget that is connected to their mission. They first suggest developing a fact sheet of data regarding important metrics of the congregation. This includes a 10-year trend of total membership, membership age ranges, weekly giving patterns by families, summary of budget current year and prior year comparison, cash deficits for

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<sup>16</sup> Manfred Holck Jr. and Manfred Holck Sr. *Complete Handbook of Church Accounting* (Englewood Cliffs, NJ: Prentice-Hall, 1986), 81.

current year and prior year, congregational pledges budgeted versus actual, average family income in congregation and community, and giving potential if everyone gifts a percentage of income. This congregational snapshot is their attempt to provide some quantitative measure of programs and activities in the recent past. However, they do not recommend handing out this data sheet to a finance or leadership committee until the individuals have an opportunity to do a self-assessment using their planning resource worksheet.

This planning resource worksheet is designed as a checklist organized by major areas of church ministry such as Christian education, evangelism, ministry staff, property, worship, social ministry, stewardship, and finance. Each of these areas has multiple criteria to consider and asks the person to evaluate it using one of the categories of “O.K., Need Attention, No Need, or Don’t Know”.<sup>17</sup> The criteria are made up of various things that the congregation has identified that should be done now or in the future. This is an example of their proposed items under Christian education:

1. Sunday Church School program meets needs of the congregation and community
2. Vacation Church School program
3. Release time program
4. Training programs for prospective teachers
5. Fulltime personnel needed
6. Audio-visuals under responsible direction
7. Subsidies for training schools and retreats
8. Library facilities for the membership
9. Adult counselors for youth activities

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<sup>17</sup> Holck Jr. and Holck Sr., *Handbook of Church Accounting*, 83.

10. Promote church colleges and church vocations

11. Promote reading of official denomination publication<sup>18</sup>

Individuals are invited to provide their own assessment of these areas and then the results are combined in order to be reviewed by the group. As a group, they prioritize areas of greatest needs while reviewing the fact sheet of the last ten years of congregational statistics and data. From this process they are encouraged to approach the task of evaluating last year's expenses and to develop an annual church budget based on their identified mission, vision, and priorities.

### **Summary of Chapter Three**

The above research leads me back to the development of my seminar to address the problem identified in this MAP. The purpose of my project is to develop a seminar to educate the leadership, who are constitutionally selected at LCC to design and lead the budgetary process in a manner which demonstrates increasing theological and financial integrity. The seminar will begin by defining the concept of an annual church budget and its proper relationship to the mission and vision within the budgetary process. As part of the seminar, I will introduce the solution of Holck Jr. and Sr. as one example of how to connect mission and vision directly to the annual budgeting process.

My desire is that the leaders of LCC will use that example as inspiration to connect the mission and vision from the Church Unique process with the annual budgetary process. My seminar will begin asking general questions similar to the ones offered by Malphurs and Stroope. I will utilize the planning resource worksheet as an example of a tool which attempts to make an explicit connection between the mission and operating budget. I will not ask the LCC leaders

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<sup>18</sup> Holck Jr. and Holck Sr., *Handbook of Church Accounting*, 83–84.



how to replicate the Holcks' worksheet. Instead I will encourage them to generate specific ways that the mission and vision of LCC be used to develop, operate, and evaluate the budget from the perspective of the voter's assembly, church council, or finance committee.

## **CHAPTER FOUR**

### **PROJECT DESIGN**

#### **Introduction**

The design of the project has evolved from developing a case study of improvements in financial reporting at a previous congregation into developing and evaluating a budgeting seminar using the two kinds of righteousness framework for my current congregation. I will share the background on the development of this project from both an accounting and a theological foundation. This process has given me insight into my own expectations of the project outcomes and will be useful in the analysis of the interviews. Following the background narrative, I will share the general design of the seminar which I believe will address the accounting and theological problems that I have identified. This will be followed by a discussion of the qualitative assessment of the seminar through the use of interviews. I will move into a more detailed description of both the seminar and the interviews themselves. I will conclude with the approach that I believe will be most appropriate to collect and analyze the findings.

#### **Evolution of Accounting Approach**

The genesis of this project stems from two implementations of QuickBooks accounting software that I led in the first church I served as an associate pastor. We experienced great benefit from the QuickBooks conversion. I intended my project to be a case study in which I documented the areas of success. I was able to use my business degree and experience working at Ernst & Young accounting firm to directly support my congregation, Trinity Lutheran in Merrill, WI. I learned accounting fundamentals through my Bachelor of Science degree in Business Administration at the University of Illinois. It was there that I learned about a chart of accounts and the various financial reports that can be used to communicate a company's

financial position. At Ernst & Young I had the opportunity to serve as a business analyst who translated the business needs of clients into technology solutions.

It was at my first congregation that I learned that leaders of congregations with schools struggle with the complexity of financial management. Trinity fit into the category of complex financial management with multiple school ministries. Trinity was a church of 1900 members with a congregational budget in 2015–2016 of \$1.4 million that included a) a K–8 school in its own separate building participating in Wisconsin’s voucher program, b) a 10-month after school care program, c) a tuition-driven preschool program in its own separate building along with a Merrill Area Public School 4–K program staffed by Trinity’s teachers, and d) a year-round day care program in a leased offsite building.

After the congregation experienced the conversion process to QuickBooks, we were able to track in greater detail our income sources, which included reimbursements by the public schools through participation in the voucher program and a 4–K partnership. The treasurer had begun to introduce to the council and voters a system of projecting income and reimbursements along with the traditional expense reports to better align expenses with income.

The first QuickBooks implementation was for the church and the second was for the kindergarten through eighth grade parochial school. The software redesign of our chart of accounts allowed the congregational leadership to better understand the myriad of income sources and expenditures as well as provided a reliable tracking system for dedicated monies earmarked for special purposes.

Over the course of almost a decade, the leadership was able to make improvements in the budgeting process and forecasting of expected income. They were better able to account for expected reimbursements from endowment funds and a portion of the school tuition that was

returned to the church. My original project design was to document the progress that Trinity made and to clarify and categorize the specific areas in which we made progress (or failed to make progress). The intended purpose was to assist the leadership of congregations with schools in identifying practical ways to address the complexity of financial management.

The process of clarifying the ministry problem caused me to shift the focus and the design of the project to what it is today. I began looking at accounting theory and for-profit budgeting concepts. I noticed that there are multiple types of budgets that companies can use in order to manage their operations. One of them in particular, a production operating budget, bore a striking resemblance to our congregation's church operating budget. As mentioned earlier, Ramsey describes the purpose and use of this type of budget in his book *Budgeting Basics*:

The budget that deals with the costs for the goods and services produced, either on a department basis or on a product basis, is called an operating budget. You as a supervisor may be told to control the costs in your department as closely as possible and not to worry about (1) the prices charged for the goods and services you produce and (2) the costs outside your department. That is, you may be told to concentrate on the costs you can influence (control) and let others worry about other costs and revenue.<sup>1</sup>

This description of its purpose led me to question the way the church operating budget is used in a congregation's budgetary process. I realized that a production operating budget is designed to control costs and focus attention on cost deviations from year to year. And it made me realize that my QuickBooks installation gave more detailed reports to the voter's assembly but could not, by its nature, move the congregation's focus away from costs back to the mission and vision of the congregation.

I further realized that operating budgets were intended to be used by internal managers of an organization. These were not the same type of financial reports given to shareholders when

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<sup>1</sup> Ramsey, *How to Survive the Budgeting Process*, 19–20.

communicating a company's mission and vision. My congregations gave the same budget used to manage operations, directly to the voter's assembly. They used the report to explain past activities and to encourage investment in the ministry of the church. Unfortunately, this is not the intended purpose of a production operating budget. This accounting background led me to redesign my project from developing a case study about what I had done at Trinity to developing an educational seminar about the *limitations* of a congregational church budget which I could teach at LCC.

### **Evolution of Theological Approach**

At the same time, the doctrine of the two kinds of righteousness guided the design and development of this project. Originally when I studied at seminary, the doctrine of the two kinds of righteousness had given me a means of thinking about the proper role of my accounting and business background in the church. Understanding that humans do not have a single (passive) righteousness meant that my work in the church as a lay person or pastor involves more than affirming an appreciation of my baptismal identity. Part of our God-given identity as human beings is to actively manage and steward the money, time, and resources that God has entrusted to us. I saw my skills and background in accounting as holy tools to use in service to my congregation through improving their accounting process. This led to the design of a seminar on budgeting which did not place faith *against* finances, or to act as if the Bible described a single kind of righteousness. A seminar designed with the two kinds of righteousness framework allowed both kinds of righteousness to be distinguished and affirmed without being separated.

What I had not anticipated was how the two kinds of righteousness would assist in providing a theological definition of the ministry problem or how it would also lead me to design and frame the solution. As I began to affirm the role of a congregational budget as an important

aspect of our active righteousness, I came to the realization that this is precisely where its theological limitation is to be found. The fact that a congregational budget only affirms the appreciation of a single kind of righteousness means that the annual church budgetary process at LCC is theologically incomplete. As I had begun to identify the limitations of the budget primarily from an accounting point of view before, now the problem became more clearly defined in terms of the two kinds of righteousness.

As a result of this theological clarity, the focus of my accounting theory also was clarified. My original design included developing a seminar to educate church leaders on the variety of budgets with a discussion about their purpose and intended audiences. The specific purpose was intended to focus their attention on understanding how their church operating budget may be helpful to a board of directors and church council in understanding how to control costs, but less than helpful to a voter's meeting in encouraging discussion and investment in the mission and vision of a congregation. And while this kind of research might be worth pursuing as its own project, the theological problem identified would not be addressed by proposing a solution that suggested using a different kind of budget. That type of solution would continue to lack theological integrity. So instead my accounting research focused on the definition of the budgetary process. I developed a conceptual map of the budgetary process. Then I designed the seminar to foster an appreciation of an individual's baptismal identity as a passive recipient of God's gifts.

### **Seminar Design**

This line of investigation led to a two-part design of a seminar for church leaders. The first section introduced a conceptual framework that helped leaders understand the annual budgetary process and the relationship of the church operating budget to the mission and vision of the

congregation. The church operating budget, while being central to the process, is not necessarily the central focus in the budgeting process. Churches are not operated to create budgets but to accomplish their mission. It also provided the example developed by Holck Jr. and Sr. about how to connect the mission and vision of a congregation with the budgetary process. The seminar was designed to provide a number of opportunities for the leaders to assess their own annual budgetary process and to identify specific areas of improvement. The seminar used motivational strategies from Raymond J. Wlodkowski's book *Enhancing Adult Motivation to Learn: A Comprehensive Guide for Teaching All Adults* in order to deepen the learner's engagement and to help the leaders realize their accountability for what they are learning.<sup>2</sup> This was done through a combination of individual sharing in pairs as well as large group discussion. The motivational strategy was also intended to engender an awareness and feeling of connection among the leaders of LCC while reinforcing the relevance of the topic.

While the first half of the seminar encouraged financial integrity in the budgeting process, the second half encouraged congregation leaders to consider enhancing theological integrity in the budgetary process. The second half of the seminar was designed to address the theological problem of the church operating budget's inability to encourage congregation members to place their trust in God. It began with a basic introduction to the two kinds of righteousness and the affirmation that both kinds of righteousness are part of our life as Christians.

The seminar would then introduce the idea that budgets are a tool that encourages an appreciation for a single (horizontal) righteousness, which is not in and of itself a bad thing. In fact, the seminar attempted to affirm the divine nature of our work in this world as we manage

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<sup>2</sup> Raymond J. Wlodkowski, *Enhancing Adult Motivation to Learn: A Comprehensive Guide for Teaching All Adults*, 3rd ed. (San Francisco: Jossey-Bass, 2008), 140–151.

God's creation (Gen 1–2). At this point some of the same adult motivational strategies were utilized to deepen engagement with the theology of the two kinds of righteousness and to engender an awareness and connection among the leaders while reinforcing the value of both kinds of righteousness without diminishing either.

The seminar continued by pointing out the need, during the annual budgetary process, for incorporating activities which assist members to place their trust in God to provide. As I have discussed in the theology section, this was not as simplistic as ending the seminar with a list of activities to add to a voter's meeting that would strengthen their fear, love, and trust in God. Our theology of justification would caution an over-emphasis on the role of religious activities such as Scripture reading, prayers, hymns, or fasting by presenting them in a way that implies that our performance of them (our good works) can manufacture or strengthen faith. Instead, the seminar concluded with a review of the distinction of Law and Gospel and encouraged the use of the spoken Word of God—in Word and Sacraments—during the budgetary process. The focus and emphasis of the activities was on faith and trust in the merit of Jesus Christ and not on the action itself.

Because one of the goals of the project is to improve the budgetary process at the congregation I was serving, I designed the seminar to be presented to the entire church council and finance committee of LCC. These two groups of leaders are given constitutional responsibility for developing and presenting the annual church budget. This leadership group consisted of 9 church council members and 5 finance committee members. This group of individuals is responsible for leading the congregation through the annual budgeting process and has the constitutional authority to introduce changes based on what they learned from the seminar.



## **Interview Design**

My research project was designed to assess qualitatively a leader's experience with the seminar and their ability to recognize the limitations of the church operating budget from an accounting and theological perspective. The goal was also to assess a leader's ability to recognize specific ways in which the budgetary theory and theology of two kinds of righteousness can be applied to the current yearly budgetary process at LCC.

From the individuals who attended the seminar, five individuals were invited to participate in a 90-minute interview within two weeks of the seminar. The five leaders were chosen based upon their involvement with the congregational budget process. This included the chairperson of the congregation, the head elder, the treasurer, the head of the Board of Stewardship, and a finance committee member.<sup>3</sup> I used a semi-structured interview format based upon the following five questions as a basic outline:

1. What kinds of learnings—'take-aways'—did you get from the seminar?
2. What did you learn from the seminar that will improve your use of the budget in the annual church budgetary process?
3. What did you learn from the framework of the two kinds of righteousness that will improve the annual church budgetary process?
4. How will what you learned from the seminar assist you in administering the church's finances in a manner that demonstrates both faith in God and fiscal responsibility?
5. Please tell me what parts of the seminar were unclear or the least helpful?

These questions were designed 1) to measure qualitatively the leaders' awareness of the limitations of the church operating budget from a budgetary and theological point of view and 2) to document if the leaders were enabled by the seminar to identify methods of increasing the theological and financial integrity of the budgetary process at LCC. The interviews were audio recorded and transcribed into Microsoft Word documents for data analysis. The data gathering

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<sup>3</sup> As described earlier, the finance committee is a specially created group at LCC to develop and present the church operating budget to the voter's assembly.

process involved collecting two general types of information. I collected the budgetary and theological limitations of the church operating budgets as identified by the leaders. I recorded the types of limitations mentioned and looked for common responses, unique responses, expected responses, unexpected responses, and responses that I expected but no one gave (non-responses).

The second data type I collected involved methods of increasing the theological and financial integrity of the budgetary process. I listened for solutions that interviewees identified for correcting the problem of translating mission and vision into budgeting terms. I also documented solutions related to correcting the problem of an emphasis on only one kind of righteousness in the budgetary process. Finally, I compiled and analyzed the results in order to make changes to the seminar and to recommend further areas of study or research.

### **Seminar Execution**

On April 16, 2018 I emailed an invitation to the leadership group of 11 individuals to attend a presentation for the seminar that I created to be held 9 a.m. to noon on a Saturday in our Fellowship and Ministry Center (FMC). The invitation introduced the seminar, asked for their availability on four consecutive Saturdays from mid-May 2018 through mid-June, and included a copy of the informed consent form (Appendix Two and Three). I recorded the availability of the individuals who responded and then sent a follow up email on April 24, 2018 to the five leaders from whom I had not received any response. While receiving the responses, I discovered a potential conflict with another scheduled event on our LCC campus on the date that the greatest number of leaders had chosen. On May 19, 2018 I sent a third email proposing a slight change in the time and length of the seminar (Appendix Five). Instead of June 9, 2018 from 9 a.m. to noon, I asked if we could begin at 10 a.m. but end at 12:30 p.m. I would be losing 30 minutes of time during the seminar but would have a chance of retaining the greatest number of participants. In

addition, since I would now be teaching during the lunch hour, I decided to offer a morning snack and light lunch for the participants. I did not make any mention of the snack or lunch in any of my email communications.

In preparation for the seminar I developed a PowerPoint presentation of my material that I could project on the wall for the participants. I had clipboards ready for the participants with unsigned informed consent forms (Appendix Three). On June 9, 2018 I had them sign the informed consent forms before they were given a handout with my slide presentation. This handout included space to take notes. I also prepared a single signup sheet for 5 individuals whom I would interview after the seminar. The signup sheet listed possible interview dates and times over the course of 10 days following the seminar. The morning of June 9, 2018 I was expecting 8 attendees, but one cancelled at the last minute in order to prepare for a church program. That meant I had a total of 7 people, 6 males and 1 female. Although the one female was not part of my original 5 interview participants, I thought it helpful to add a female perspective to the list of interviewees. We began 10 minutes late due to delayed arrival to our meeting area of our final participant. I gave a short introduction again about the process of the doctoral work and the reason for the seminar. I reminded them of the break areas and told them the seminar was divided into two parts with a stretch break in between.

I began taking them through part one of the seminar about mission and vision and their central role in the annual budgetary process. It appeared to be a good starting place for my leaders, because it did not begin with theology concepts but with the more readily accessible topic of budgets and budget theory. I noticed that most participants—whether they had business backgrounds or not—appeared to follow along and appreciated the visual representations of the annual budgetary process. Because the leaders were sitting around one long conference table,

they were able to divide into groups with people who were next to each other and not based on friendships or prior relationships. When it came time for small group discussions, I gave them 10 minutes to work in pairs. After half the time was gone, I informed them so that each person would get a chance to talk. After time was up, I led the entire group in discussing the questions.

I discovered in the first set of questions I did not word the first one very well. I had asked them to, “Describe the budgetary process at LCC. How is the process connected to the mission and vision of LCC?” I also asked them to, “Describe how the mission and vision of LCC is utilized in developing, operating, and evaluating the budget from the perspective of the voter’s assembly, church council, or finance committee.”

What I wanted to ask them was first, “What is LCC’s budgetary process like? How do we go through the steps (or not)?” I should *not* have included anything about the mission and vision in the first question. I should have saved that question for a later time. Nevertheless, because I facilitated the group discussion, I could rephrase the question and focus them on my intended point. The group observed that LCC has a well-defined budget development process and noted that the finance committee rather than the voters or council really takes the lead. They made the observation that LCC puts very little emphasis on monitoring the budget. Most of LCC’s time and effort is placed in developing and to a lesser extent evaluating the budget. They conjectured that it was possibly due to the fact that they are satisfied with how the budget is monitored and tracked. They observed that there is very little evaluation and analysis of the church operating budget that currently takes place. The primary analysis that is done centers upon the reporting of current year income and expense compared to the prior year.

The second set of questions brought out observations that the church operating budget at LCC is not directly connected to the mission and vision statement. In fact, numerous

observations were made about the recent change of our mission statement through LCC's strategic planning process (Appendix Eleven). The participants observed that we might not be clear enough about the mission, strategy, and measures to connect it with our operating budget or use it in our annual budgetary process. Instead, it was observed that each board has its own mission and priorities which they attempt to manage and fulfill.

I continued with the proposed solution from the 1970s suggestion regarding the planning resource worksheet. This part of the presentation seemed to interest the group and to illicit verbal and nonverbal cues of engagement. But when it came time to ask them questions, I tried to encourage them not to use the example as a template for their solution. The presentation offered them the following two questions. "How can the budgetary process be connected to the mission and vision of LCC? How can the mission and vision of LCC be used to develop, operate, and evaluate the budget from the perspective of the voter's assembly, church council, or finance committee?" When I read the questions out loud, I did alter the question to encourage them to specifically think of *one* practical change we could make that would improve the use of mission and vision in our budgetary process. As before, I gave them time to work as small groups first, making sure to announce when time was half over.

We came together as a large group to discuss responses and to allow the leaders to hear and build on each other's ideas. As they gave answers, I wrote them on a flip chart next to the applicable image. For instance, one suggestion was to use our church management software more completely to get better congregational data. The group struggled with where to put it on the chart, but we finally placed it on the *evaluate* step of the annual budgetary process. Therefore, I wrote the software name by that circle. Multiple other answers were related to taking steps to clarify the mission and vision. As they came in, I wrote their suggestions down in

the center circle to graph their responses visually.

They mentioned that it was important not only to clarify our mission statement but then to take the next step and to dream about what we should be doing in 1–5 years and to clarify the vision of LCC’s future (Appendix Twelve). That would suggest to us specific steps to accomplish and to work toward, thereby creating a stronger link between the budget and the mission. One observer noticed that a high percentage of our church operating budget is “fixed” personnel costs. The resulting problem is that we focus our energy on prioritizing only a small part of our church operating budget. Finally, there were a series of suggestions about how the church operating budget should be developed. The suggestion was made to move some of the development work out of the finance committee and involve more of the board members and staff members. At this point we took our 10-minute stretch break as we approached 11:15 a.m.

As we began part two, I warned them that we would be interrupted by the delivery of the lunch food. But I also warned them that this section was more theologically focused and would take more active participation and following along than part one. They seemed to give good attention and we moved step by step into the two kinds of righteousness education. Again, the pictures came in handy, but I found myself using more Bible verses earlier in the presentation than were written in the slides.

As I attempted to show the passive righteousness image of an up and down arrow (Figure 1), I began asking them, “What do we need to do to become a child of God?” “What must we do to become a creature made in God’s image?” The answer of course is, nothing. Our righteousness before God is given to us. And I shared Bible verses from my memory such as Gen 1:26–28, Eph 2:8–9, and John 1:13. But then I asked, “What must you do to be a good husband or wife?” “What must you do to be a good neighbor?” And they easily responded with *actions*

that are loving and good. Again, I shared Bible verses from memory such as Exod 20:12–17 and Mark 12:29–31. Those sets of questions appeared to be very easy to comprehend and made sense to a diverse group of people. It illustrated the fact that we have a passive righteousness given to us and restored to us in Christ. Nevertheless, it emphasized the fact that our active righteousness is important.

We continued to use the slides to reinforce both ideas and then emphasized the fact that both kinds of righteousness are necessary in the life of Christian. Even though only one is necessary for salvation, both are necessary. I then illustrated what happens when you emphasize one without the other—but I intentionally chose the option that is *not* the focus of my project. I talked about emphasizing only our vertical righteousness of faith and not our horizontal righteousness of stewardship of congregational finances.

I could see smiles and surprises as they quickly saw how to defend the use of budgets as tools that are good, right, and holy. They were pleasantly surprised to hear their pastor and their theology affirm that faith does not override budgets and living within a person's means. They were excited to hear that both kinds of righteousness were important and affirmed. But that exercise also prepared them to encounter the opposite problem, which is the assertion of my project: That a budget is designed to encourage an appreciation of only one kind of righteousness. In fact, one leader brought this very point up in the previous example before I was able to share the slide with that very concept.

It was at this point that I arrived at the most challenging part of teaching during the seminar. I started by explaining that there is no list of good works that we can *perform* to enhance our righteousness before God. Only Jesus by the power of the Holy Spirit strengthens faith. And I talked about the way God creates and strengthens our faith in Jesus—through God's

Word and Sacraments. God uses the Law and Gospel and applies it to our hearts. At that point the seminar began to feel like a sermon or devotional talk. I began to share with them Bible passages in the presentation about God's dominion and authority over us and all things. I shared with them Col 1:15–18:

He[Jesus] is the image of the invisible God, the firstborn of all creation. For by him all things were created, in heaven and on earth, visible and invisible, whether thrones or dominions or rulers or authorities—all things were created through him and for him. And he is before all things, and in him all things hold together. And he is the head of the body, the church. He is the beginning, the firstborn from the dead, that in everything he might be preeminent.

But as I read those words, I came back to the verse that declares that in Jesus all things hold together and thought about the current unrest at LCC regarding the purchase of our electronic sign.

We had all the money pledged for a new church sign and it was completely paid for. We were only waiting on county permits. But what made this especially anxious for us was the fact that many people still remembered that the county took six years to approve the building of a cross monument on our campus. They remembered that we had to call in lawyers to sue the county for religious persecution before they would issue a permit to us. There was fear in our congregation that this electronic sign might never be approved. And yet Scripture declares that every throne, dominion, ruler, and authority were created through Jesus and for Jesus. But did we believe God's Word?

Then I shared with them Ps 78:16–20. I reminded them about the Israelites' fear in the wilderness and their lack of trust. I reminded them of their own doubts about the strength of God's mighty arm. I asked them to compare their fear and awe of the county's authority compared to the authority of Jesus. When I read about Jesus being preeminent more than any power, or authority, or dominion, I mentioned that Jesus has more power than the permitting



office of Charlotte County. But I asked, “Do we really believe it? Do we really fear them more than God?” And then I moved to Rom 1 which states that God’s wrath is revealed against those who deny God. Although God’s power and authority is made manifest to all, they did not honor God. They did not fear, love, and trust in God above all things and therefore became foolish. They exchanged the glory of the immortal God for images resembling mortal man, or in our case, the Charlotte County commissioners.

In other words, I did not just tell these leaders to “apply Law and Gospel.” I attempted to model it for them. I used that technique with them. It got very quiet in the seminar and they became very introspective. In fact, the lunch hour corresponded with the time for them to break into groups to discuss the question about the idols at LCC. I used the prayer time to confess our sins and to receive God’s grace and absolution. And even though they were supposed to talk in groups while eating, everyone except two people ate silently and thoughtfully. I decided not to press the small group activity. I asked them to think about the following questions during lunch. “What are potential areas of idolatry in our budgetary process from the perspective of a voter, a council member, or a finance committee member?” “How can the means of grace be used effectively for those individuals?” “What are ways that these three groups can respond and affirm God’s grace in their lives during the budget process?”

After lunch I facilitated a large group discussion regarding their answers. This discussion did not feel as productive as part one, because we did not generate lots of specific application areas. We did not come up with a list of idols to address in our annual budgetary process as I had expected. We did not come up with specific solutions for building an annual budgetary process that had opportunities to affirm the congregation’s baptismal identity as receivers of God’s gifts. Instead we touched on a number of topics while never arriving at any firm solutions.

We started out noticing that worry about budgets and deficits can be a problem during our formal church gatherings and that unscripted and unplanned times for prayer can be a useful tool. In our budgetary process there is usually an obligatory time for prayer at the start of the voter's meeting. But the leaders realized that conversations about real fears about money or the county permitting process could lead to opportunities for prayer. Those spontaneous prayer times can affirm our primary relationship with God who is the Creator and sustainer of all things. It can help reorient our perspective on the challenges in this world and place them under the Lordship of Christ Jesus. But we observed that the prayer came out of the threats and promises of Scripture—his Law and Gospel—not because it was in the agenda.

The discussion then turned to address negative statements people make at LCC during the budgetary process such as, “We can't do [fill in the blank].” While it is true that we are limited, God can do all things. In fact, a number of people went on to say that we do not often communicate enough about God's good work already among us. It was suggested that we boast more about what God has done. The leaders suggested that communicating God's work and provision is vital to nurturing trust in God. In 2017 LCC projected a \$70,000 operating deficit. The Lord provided the income we needed for that year. Expressing what God has done when reporting financial results is another means to encourage trust in God.

The conversation spiraled away from specific recommendations when the group attempted to grapple with the preschool ministry at LCC. There were so many possible idols and challenges identified in that conversation. The Child Development Center could itself be an idol. We could fear, love, and trust in it regardless of its effectiveness or quality. Or conversely, we could hear that it was not “profitable” and allow money to become the idol that we feared the most.

The leaders asked me about how to discern whether obstacles that come up in ministry

represent God's way of telling you to stop or represent God's way of calling you to pray harder?

I told them there was not any litmus test that could be used for each and every situation.

Discerning God's will and walking in faith is not about receiving divine assurances *before* making a choice. It is a daily, and sometimes moment by moment, activity of walking in the assurance of things that are hoped for and the certainty of that which we cannot see (Heb 11:1).

I felt that during this time in the seminar, I got drawn into the role of participant more than facilitator. I say this because this was the area that I struggled with most in my own theological research. I did not and could not come up with a way to speak about activities to improve the congregation's appreciation of their passive righteousness without concerns about over-emphasizing the works themselves instead of faith in Christ. I wanted them to identify specific activities to consider using in a voter's meeting or finance committee meeting without losing a solid focus on our baptismal identity as recipients of the righteousness of Christ.

At this point in the seminar, I felt more like a participant attempting to work with my fellow leaders to identify and summarize our group's observations. I kept trying to bring us back to the task by asking for solutions from them, but I did not feel that we identified any. I did find myself making the comment that we need to make our agenda flexible during the budgetary process for prayer and seeking discernment from God. We need to make our agenda flexible enough to allow time to ask questions about ministry effectiveness and allow for honest conversations about what is on the hearts of God's people and what is making them fearful or anxious.

I did not have a specific activity to promote or suggest at LCC's voter's meeting or finance committee meetings, but I kept thinking that we don't often acknowledge the value or the need for such unstructured time of affirming our dependence on the Creator. I kept thinking that,

during the annual budgetary process, we are very focused on the length of our meetings and getting the formal approvals from the appropriate people as efficiently as possible. We are not always sensitive to the personal or spiritual dimensions of the activity. As leaders we want all voters to be heard and all opinions to be respected, but when does God get a chance to speak at these meetings? When and how do God's words get spoken and heard? Not simply read as a preamble to the real work of budget time, but as the words of God himself.

At the conclusion of the seminar I offered a prayer of corporate repentance and forgiveness again. I prayed for God to take our efforts and use them as he would choose. I expected some immediate feedback from the participants as they were leaving. However, I did not have anyone stop and talk to me. I approached the 5 people who were to be interviewed and asked them to sign up for interview times over the next two weeks. I did take about one hour immediately after the seminar and wrote down my reaction and recorded a narrative of the meeting while it was fresh in my mind.

### **Interviews Conducted**

As I reviewed the goals of the seminar it became clear that it would not be helpful to use quantitative surveys or questionnaires to evaluate the seminar. Qualitative surveys would not be able to easily document the new insights generated by the seminar. They might be able to gather overall impressions and reactions to the seminar material, but they do not easily provide the opportunity to explore seminar concepts. Questionnaires would not allow me the opportunity to explore responses to my prepared questions or allow the individual the opportunity to synthesize the financial and accounting theory as readily as in an interview setting. For the interviews I used a purposive sampling of the leaders who were able to attend the seminar. I selected the leaders who have the largest involvement with the budget process. Their involvement comes from either

their responsibility of overseeing large sections of the budget or their responsibility of presenting the budget to the voter's assembly.

The goal that I desired is that LCC would continue using the annual operating budget as a tool, but to limit or to frame its use in the entire budgetary process by introducing activities that connect the mission and vision of the congregation with the development and evaluation of the budget. The goal would also be to have the leaders consider changes to the voter's meeting, council meeting, and finance committee meetings that can encourage our congregation's identity as non-stop receivers of God's gifts. The goal is not for me to manufacture an answer or solution and then rate their agreement with my personal assessment. With the relatively small sample size of five individuals, I thought it would be the most effective to utilize the interview format.

I did have a list of predetermined questions to ask. They were arranged in an order which corresponded with the two-part structure of the seminar. However, the interview setting allowed me to pursue and clarify the responses given by the individuals. This format allowed me to listen to their individual stories of how the seminar concepts were integrated into their understanding of the annual budgetary processes. While I had five specific questions to ask each interviewee, I wanted to use semi-structured interviews so as to allow the participant to formulate his or her responses in a manner that allowed the individual the flexibility to discuss what was personally important.

I signed up the five interviews for June 12, 14, 18, and 20, 2018. Two interviews occurred on June 20, 2018. Each person came to my office. I sat with them at a small table. I sat across from them and began by reviewing the individual consent form (Appendix Four). Although I did not read the form completely to them, I did point out the different paragraphs in this form compared with the form I used in the seminar (Appendix Three). Specifically, I reviewed with

them that the conversation would be taped and transcribed for my use. I explained the reasons for the transcription in my data collection and analysis. Then I indicated that no personally identifiable information would be used in my final report. Once they had signed the consent form, I showed them I was turning on the tape recorder and placed it on the table between us. I had a copy of my five questions and then began to facilitate each of the interviews.

The interviews were conducted uninterrupted, with two exceptions. During the first interview my cell phone started ringing and I had to excuse myself to silence the call and then place my phone on silent mode. For the third interview I was interrupted by a delivery to the church offices. I had to excuse myself to sign for the package and then resumed our interview. At the conclusion of the interviews, I turned off the recorder while they were still present and then thanked them for their participation.

At the end of the day I connected the recorder to my office laptop and transferred the files to my hard drive. I then uploaded the entire day's interviews to a personal Google Drive folder that is only shared with my transcriptionist. I sent an email to the transcriptionist who then downloaded the files and returned to me a word document for my review within 48 hours. The day that I received the word document I would review it for errors or corrections. I sent an email confirming that the transcriptions were successful and correct, at which time the audio file was deleted by the transcriptionist.

### **Approach for Analysis**

I printed the transcripts and marked the place during each interview where I asked the research questions. I then attempted to read all five responses side by side in order to detect themes and differences. I quickly discovered that each conversation followed its own progression, which made this approach difficult. Some conversations included digressions or

personal stories that may or may not have been related to the question that was asked. I realized that it would be important for me to review each individual's responses on their own first, before attempting comparisons.

Therefore, for each interview I documented my initial reaction to the interview and a detailed listing of responses to my questions and observations of the interview itself. I followed these two sections with an initial analysis along with a listing of any themes, slippages, or silences.<sup>4</sup>

I then reviewed the MAP problem, purpose, and goal statements as a basis for evaluating and coding the responses. The MAP has a two-part goal of educating the leaders about the budgetary process and assisting them to understand the limitations of the annual church budget from the perspective of accounting theory and the two kinds of righteousness. The desired result would be that each leader would be able to identify specific areas in their sphere of responsibility in which they could apply this learning to LCC.

Therefore, I reviewed the five interviews first to see to what extent people had been educated in regard to accounting theory and two kinds of righteousness. I identified both the concepts that I specifically intended them to learn and also those ideas that they themselves identified as new or important. Then I reviewed the interviews to assess their understanding of the limitations of the annual operating budget from the perspective of accounting theory and the two kinds of righteousness. Again, I made note of the specific limitations that I had expected

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<sup>4</sup> Tim Sensing uses these three terms to describe a recommended approach to evaluation that allows triangulation. He says "Three analytical frames of reference will emerge from your triangulating the data, namely, the insider's, outsider's, and yours. As you compare and contrast the angles, you will find areas of agreement and disagreement. Your analysis must account for both the convergence and divergence in the data. One way to organize data is to discuss the areas of significant overlap as themes or patterns, the areas of disagreement as slippage, and the "realities" not represented in your findings as silences." Tim Sensing, *Qualitative Research: A Multi-Methods Approach to Projects for Doctor of Ministry Theses* (Eugene, OR.: Wipf & Stock, 2011), 197.

them to identify as well as the ones that they themselves identified. After reviewing this data, I wrote my evaluation of the seminar and my proposal for making changes to the seminar for possible future use.

### **Summary of Chapter Four**

I believe that this design and approach to leading and evaluating my seminar on budgeting will provide a valid assessment of my efforts. It is a seminar that specifically addresses the two-part problem identified in my project. It provided a solution that would educate and equip the leaders of LCC to identify specific enhancements to add to our budgetary process and provided the means for assessing its effectiveness. The interviews were conducted to allow for individual responses to be gathered and to collect new information and insights as they arose.



## CHAPTER FIVE

### EVALUATION

#### Introduction

The MAP was designed to address the problem of using the church operating budget as the *sole* tool for the *entire* budgetary process at LCC. Based on the participation during the seminar and the five interviews conducted afterward, I believe the problem was successfully addressed. From both an accounting perspective and a theological perspective, the leaders identified *multiple* tools and emphases that should be added to the budgetary process at LCC so that the operating budget will not be the only tool used.

This is not to say that the research simply confirmed my own assumptions or expectations. The seminar was designed both to educate the leadership about the *limitations* of a church operating budget and to assist them in identifying specific improvements that might be made to the annual budgetary process. The seminar was only partially successful in educating the leadership of the limitation of budgets from an accounting and theological perspective. And while it was very effective in identifying specific improvements from an accounting perspective, it yielded more general suggestions for improvements from a theological perspective.

The research also yielded unexpected observations regarding the conceptual model that was developed to illustrate the annual budgetary process. Specifically, questions were raised about the appropriateness of illustrating the budget visually separated from the mission of a congregation, about the applicability of the model for congregations with schools, and about the applicability of the model for churches whose facility and personnel expenses are greater than 75% of annual expenditures. My evaluation will examine the partial success in addressing the goals of the project and then offer my own analysis and response to the questions regarding the

conceptual model.

### **Addressing the Project Problem**

The analysis of my project led me to the conclusion that the problem of my project was addressed while not accomplishing the goals in the manner that I anticipated. The problem that I identified at LCC is our exclusive use of the operating budget during the entire budgetary process of developing, operating, and evaluating the budget. A successful seminar would educate the leadership of LCC sufficiently to allow them to identify specific things that should be added to LCC's budgetary process.

I had assumed that I would have to wait until I had held the five interviews after the seminar to determine if the leaders were able to identify various solutions. But when I documented my impressions of the seminar immediately after teaching it, I observed that, during the seminar itself, the leaders had demonstrated an ability to identify changes that could be made to LCC's budgetary process.

The structure of the seminar included an opportunity for the participants to discuss collaboratively the content of the presentation and to identify specific areas at LCC that need improvement. During the first part of the seminar, I asked the leaders to divide into groups of two. I began by asking them to reflect upon the conceptual model of the budgetary process as it relates to LCC. I asked them to, "Describe the budgetary process at LCC. How is the process connected to the mission and vision of LCC?" During that same time I asked them to attempt to, "Describe how the mission and vision of LCC is utilized in developing, operating, and evaluating the budget from the perspective of the voter's assembly, church council, or finance committee." After 10 minutes of sharing in pairs I allowed each group to share some of their responses and to allow the rest of the group to interact with the ideas of the other groups.

I continued with a short presentation of my accounting research from Holck Jr. and Sr. who offered some possible worksheets to use during the budgetary process. After I presented their material, I returned to the small group exercise. But this time I gave them the following instructions: “In groups of two or three discuss the following: How can the budgetary process be connected to the mission and vision of LCC? How can the mission and vision of LCC be used to develop, operate, and evaluate the budget from the perspective of the voter’s assembly, church council, or finance committee?”

While they were discussing the question, I drew the conceptual diagram of the budgetary process on a dry erase board. After about 10 minutes I asked each pair to share their responses to the questions with the entire group. As they shared with the group, I summarized their responses on the board in the corresponding circle. By the end of the activity we had made notations inside the circle that represented mission, the circle that represented evaluate, and the circle that represented develop. At least three groups identified ways to use the LCC strategic planning session efforts in developing a mission statement, strategy, and measures in an intentional manner in LCC’s budgetary process (Appendix Eleven). Two groups mentioned general ways that LCC could evaluate the budget expenditures in connection with the mission statement.

During the conversation that followed, the group realized that our strategic planning process had not yet gone far enough to provide specific guidance to the finance committee or the voter’s assembly during the budget development or evaluation phases. Our strategic planning work developed three categories with which to measure the effectiveness of programs and ministries. We described these measures using three phrases—Walk in the Word, Serve with Commitment, and Share Jesus with Joy. For each of those general descriptions we had developed a list of bullet point explanations of those measures. We had not developed a specific way to

evaluate our individual programs or budget based on these three measurement areas.

Nevertheless, this type of discussion during the seminar not only demonstrated a level of understanding of the accounting theory, but also demonstrated the ability to identify possible improvements to LCC's budgetary process.

A person might question this conclusion since I was the person facilitating the efforts of the group and helping them classify their suggestions into the conceptual model of the budgetary process. But I would point out that our large group processing only came after their independent work in groups of two. The leaders themselves came up with the ideas while I helped make the specific connection to the elements of the conceptual model.

In fact, I found myself sometimes struggling to translate their unique perspectives into the conceptual map. One suggestion from the group involved the recent implementation of a new church management software that records basic membership data and contributions. The individual saw an opportunity to use the data from the church management software to track trends in attendance and membership. We struggled to determine if this suggestion should be written next to the evaluate or develop step of the budgeting process. But the fact that the groups came up with specific tools to add to the budgetary process that I had not expected or even fully understood would suggest that the seminar was effective in addressing the problem rather than leading participants to my own conclusions or solutions.

If it were a standard meeting of the LCC leadership, we would have taken the next step to identify and prioritize the possible improvements to our budgetary process. We would have had the leaders choose one or two of the areas to explore. Then as a group we would have revisited the Vision Frame (Appendix Eleven) developed through the planning process and we would have brainstormed specific suggestions to be implemented during the budgetary process.

However, since I had reduced the presentation by 30 minutes due to scheduling conflicts, I did not take the time to continue with that activity. I believe that I missed an opportunity at this point in not allowing time for the leaders to take ownership of possible improvements for next year's annual budgeting process. But I believe that the discussion that took place during the seminar supports my conclusion that the problem identified in my project was being addressed.

The interviews themselves also confirmed that the leaders were no longer interested in using the operating budget as the *sole* tool for the annual budgetary process. Four of the five individuals who were interviewed specifically mentioned the need for adding the Vision Frame from the strategic planning sessions into LCC's process of developing and evaluating the budget. Of course, they did not all discuss this idea with the same level of detail during the interview.

Some individuals made general observations to the effect that they wished the voter's assembly would discuss and understand the mission statement while discussing or voting on the budget. One individual even observed that people would be more inclined to support the work of the congregation sacrificially if they understood how it connected with our mission.

Other interviewees made specific recommendations for changing how the finance committee goes about creating the operating budget. Two people recommended that the entire council should meet together with the finance committee. They suggested that the two groups discuss how each individual board could work with the others to accomplish the mission and to allocate resources.

For instance, if the Board of Christian Education wanted to expand the church's investment in Bible Studies for our growing youth population or for grief support for the numerous widows and widowers at LCC, then other board chairpersons might decrease their budgets or delay expenditures in order to help accomplish our overall congregational mission.

Likewise, the suggestions offered from a theological perspective varied from the very general to the specific. Four of the five people interviewed spoke about the need to add an emphasis on God and faith into the budgetary process. Some individuals expressed this in broad and general terms without any specific reference to the two kinds of righteousness with comments such as, “bringing God into the budgeting is important,” or “teaching the voters that God is part of the process is a good thing.” A few mentioned adding more prayer into the annual budgetary process.

I realized as I reviewed the interviews that each person attempted to offer specific theological improvements from their own perspective—not mine. I had asked them, “What did you learn from the framework of the two kinds of righteousness that will improve the annual church budgetary process? How will what you learned from the seminar assist you in administering the church’s finances in a manner that demonstrates both faith in God and fiscal responsibility?” I had expected them to provide me with ideas on how I, as a pastor, might lead a voter’s assembly or to guide the finance committee. I was expecting them to identify ways I could encourage the voters to value their baptismal identity as passive recipients of Christ’s righteousness. I was waiting for specific suggestions of using hymns or prayers or devotions during a discussion on the budget to continuously re-affirm the congregation’s dependence on God. I even expected at least one of them to ask us to consider moving our budget meeting into the sanctuary where visual reminders of God’s grace and provision through Jesus Christ are primary.

But instead, they answered my theological questions from their own perspective as a participant of those voter’s meetings. Most of the individuals I interviewed were not called to lead the finance committee meeting nor to direct the conversation of the voter’s assembly. I

realized that their responses were not as specific or detailed as I expected because they were trying to express how *they* would engage in the process differently. A comment such as, “bringing God into the budgeting process is important,” is an authentic expression of what *they* learned from the seminar. For them as a participant, they left the seminar with an appreciation and a desire to depend on God—not just financial reports—during the budgetary process. For them, that is a specific way to bring theological integrity into the budgetary process.

I came to realize that I should not dismiss their responses as insufficiently detailed simply because they did not provide me with ways that I as a pastor could utilize for my unique role in the process. All this is to say, that whether from an accounting or a theological standpoint, the leaders of LCC demonstrated a desire to add elements to our annual budgeting process.

From an accounting perspective they wanted to add the use of our mission, strategy, and measures into the develop and evaluate steps of the process. They also suggested using the church management software to develop a budget that responded to the demographic changes within our congregation. They even suggested having all the board chairpersons work with the finance committee in the developing of an operating budget that was aligned with our one-year and four-year vision (Appendix Twelve).

From a theological perspective they described general ways in which they wanted to participate in the budgetary process with increased focus on God and his provision. They recommended using fewer negative comments like, “we can’t,” and instead focus on sharing the stories of the ways that God has provided for the congregation in the past. They wanted to participate in the budgetary process with a focus on God, faith, and prayer. In some important ways, the seminar had addressed the problem of using the church operating budget as the *sole* tool for the budgetary process.

## Achieving Project Goals

Yet more needs to be said in the evaluation of my project. The research also suggested that, although I addressed the problem of the project, I did not accomplish the goals of the project as I defined them. The two-fold goal of the project was to a) educate the leaders on the *limitations* of the operating budget which would, b) encourage them to identify specific ways to bring greater accounting and theological integrity into LCC's annual budgetary process. I assumed that my seminar would help the leaders of LCC see the *limitations* of the operating budget and thereby focus on what a budget cannot do. I thought the leaders would leave the seminar with a slightly cautionary if not negative view of the operating budget.

While doing the research for the MAP, I saw other types of budgets that are used in organizations for different purposes and for different audiences. Therefore, I defined the goal of my project in terms of exposing some of the limitations of the church operating budget. From an accounting perspective, I assumed they would spend time discussing ways to reduce the manner in which our congregation used the operating budget. From a theological perspective I assumed they would share my surprise that the operating budget does not lead to an affirmation of our passive righteousness before God. I thought they would share my pastoral surprise at discovering the theologically limited function of the operating budget in the life of a church.

The research instead showed that the leaders did not leave with a negative view of the budget as much as they came out with a renewed appreciation of the budget as a stewardship tool. The leaders did not leave with a desire to *reduce* the role of the operating budget as much as to *increase* the role of God, faith, and LCC's mission and vision in the annual budgeting process. Not a single interviewee discussed the budget as a negative, imperfect, or restrictive tool. The net result of the seminar may still be the same, but I felt that my stated goals and expectations were not fulfilled.



As I had hoped, the leaders of LCC no longer desired to use the operating budget as the *sole* tool for the budgetary process. But the interviews overwhelmingly demonstrated a positive view of the operating budget following the seminar. Four of the five people interviewed spoke positively about how the seminar affirmed the role of budgeting and stewardship. The leaders, who work with budgets year in and year out, expressed appreciation that their efforts to manage limited resources is considered a godly task that is affirmed by the two kinds of righteousness.

In some respect the seminar fulfilled my goal of educating the leaders of LCC without throwing the proverbial baby out with the bath water. The two kinds of righteousness distinction helped the leaders affirm the active righteousness efforts of the budgetary process. The seminar did not create a negative view of the church operating budget but was able to help them see additional pieces that were absent from LCC's approach.

I would hasten to add that the accounting theory more than the theological reflection helped the leaders identify deficiencies in our budgetary process. Every interviewee mentioned the absence of the specific consideration of our mission and vision during the budgetary process. This insight came from the conceptual framework I had developed for the accounting theory portion of the presentation.

Theological reflection was less effective in helping leaders identify deficiencies in the budgetary process. Only three of five individuals were able to recall the specific terms of active and passive righteousness. Two individuals mentioned the problem of idolatry, which is a direct result from an unhealthy focus on active righteousness. But few were able to offer concrete solutions for the theological limitation of an operating budget.

I believe there are a couple of reasons that this might have been the case. First, I believe my own hesitation of over-emphasizing the role of works was communicated to the participants.

During the seminar I was hesitant to over emphasize the role of activities in the budgetary process to strengthen an appreciation of our passive identity as recipients of God's gifts. I should have expected them to share my caution to make more generalized statements about the need to have God a part of the budgetary process. In fact, four of the five interviewees did suggest the very thing.

But the second reason that I did not receive specific suggestions might have come from the individual role and position that each person held in the leadership of LCC. I was asking the chairpersons of boards, the treasurer, and the finance committee members to integrate what they learned into specific things that *they* can do in *their* role at LCC. They are not called to be the pastor at a voter's meeting, to lead prayers, to share devotions, or to interrupt disputes and refocus the group back to the Word of God. That is the expectation of my role at LCC.

When they participate in the development, monitoring, and evaluation of the church operating budget their role is to oversee the projects under their care. They are to champion the mission and vision of the congregation in their area of responsibility. And the two kinds of righteousness should have reminded them of their baptismal identity as children of God. The seminar should have reminded them that their lives do not depend on a balanced budget but on God's provision and care. And that kind of teaching does not necessarily lead to doing additional tasks in the course of their work.

I also don't think my questions regarding the theology section of the seminar were adequately worded to assess the depth of the impact of the theological education. I asked them in the interview, "What did you learn from the two kinds of righteousness that you think will improve the annual church budgeting process at LCC?" Instead, I might have asked, "How do the two kinds of righteousness affect your involvement in the budgeting process at LCC?" Or I

could have said, “How might you approach your role in the budgeting process differently as a result of your understanding of the two kinds of righteousness?” Finally, if I wanted to be even more direct, I could have asked, “How does your passive dependence on God in Christ Jesus affect how you approach the task of budgeting in your role at LCC?” I believe the responses I would have received from questions worded like this may have generated more detailed responses than, “bringing God into the budgeting is important,” or “sometimes we have to take a leap of faith even if the dollars do not add up.”

### **New Insights**

The semi-structured interview and the focused set of questions were *not* intended to yield responses that fit with my expectations and my own perspective. As the previous paragraphs demonstrated, there were a number of areas where I received results that were not expected. In addition to the ones directly pertaining to the questions I had asked, the interviews collected three observations from the participants concerning the conceptual model of the budgetary process (Figure 2) that I had developed for the seminar. I would like to acknowledge each insight individually and provide my own analysis and evaluation of them.

The first observation is a question regarding the appropriateness of illustrating the budget separate from the mission of a congregation. This topic was first raised when I asked about what the individual learned from the accounting theory portion of the seminar. An excerpt from the transcript is included below:

Interviewee D: And also, I have a hard time relating everything to the mission myself. To me it is the mission, I mean, it is all part of the mission, I guess but I it is all part of the mission to me.

Researcher: Separating the budget from the mission or, is that what you mean?

Interviewee D: Yeah, yeah. I can't really separate it from the mission. I think it all is part of the mission. Everything that we do that affects everybody, every single thing is part of the mission. That's the way I feel about it. If I change peoples' attitudes in a Christian way because of the budget or the way we take care of things or we have it under control, then I'm doing my mission, you know, we are doing the mission. Things that were out of control by people that had different departments here that were just spending money, they just seemed to be, it's like we talked about. This is what I do, this is me, this is what I need, I don't really care about you, this is what I need; and everybody was working on their own, their own little projects. I look at it as a big whole, a whole project. And with people that know you have a budget, know that they've got other people here that can help; I think they feel more responsible and more at ease. I see so much less money being spent because I think people are starting to think before they do things. Not just because they have to answer for it, but because I just think that they're starting to think about it, you know, thinking more of it's not of the mission. Maybe they're unconsciously thinking of the mission, in a way. And for me I can't separate it out because that's why I'm here. To me, working my job, I know it's all part of accounting and all that but it is the mission, to me.

Researcher: Any model, any time you try to put on a piece of paper what something looks like, you try to represent it, that's only part of the story. So, drawing the budget process in a circle with the budget separate from the mission, like you said, on one level, that's just kind of inconceivable, you know.

Interviewee D: So if you're talking about separating the mission and the budget, I just think it's impossible.

We continued with the interview until the end when I asked if there was anything unclear or confusing about the seminar. The transcript continues with the following exchange:

Interviewee D: I think the part, to me, that was a little unclear was when we were trying to separate the budget and the mission. You know, I suppose that was a little unclear to me. And sometimes, to me, they're the same thing because if you separate them they are totally just two different things. I mean, you know, if all your brain thinks about is the budgeting part of it and the math part of it how do you even know about the mission, how can you even figure out what the mission is. So, rather than me thinking about, okay, here is the budget, here is the mission, okay, why don't we just put them right together? I think it is all part of the mission. That wasn't clear. I mean to me the second part was hard for me to kind of understand, the theology, like mixing apples and oranges here, or whatever the thought was at first. And I thought, you know, I think it's all part of it, I think it's all one thing. It's a piece of it, it's not this and it's not that. I mean, isn't there even more to the mission than just the budget too, so it's all part of one big happy mission.

The conversation continued with a discussion of the individual's role at LCC. As with most of the leaders present, that role involves working with budgets and finance. The person was encouraged to learn that our theology of the two kinds of righteousness appreciates the godly role of stewardship. This led back to the subject of the conceptual map and my decision to depict the operating budget with a circle separate from the mission and vision. The individual was concerned that separating the two might undermine our theological understanding of the God-pleasing role of budgeting and stewardship within the budgetary process. The person was concerned that the budget was being placed over and against the mission of the congregation in the conceptual diagram.

On the one hand, I believe that the conceptual model is valid when it acknowledges the distinction between an organization's mission and their operating budget. On the other hand, I believe that the interviewee identified a possible theological concern if the first part of the seminar was ever presented on its own apart from the two kinds of righteousness section of the presentation. As I have mentioned in the chapter on recent research, for purposes of this project I needed to define an operating budget and the elements of the budgetary process. In doing so, I found a basic definition of a budget that could apply to budgeting calories, time, or money. "A budget is a plan for allocating available resources."<sup>1</sup> At its core, a church operating budget is not the equivalent of a congregation's mission or vision. It is a plan for using the available resources.

The interviewee is correct to note that the operating budget for a church is intended to accomplish the greater mission of God. In fact, I shared an expanded definition of an operating budget in the seminar I wrote which describes this connection. "A budget is a plan of action. It represents the organization's blueprint for the coming months, or years, expressed in monetary

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<sup>1</sup> Henry, *Basic Budgeting for Churches*, 6.

terms.”<sup>2</sup> The conceptual model I developed (Figure 2) shows the operating budget overlapping the mission and connecting the mission to the steps of developing, monitoring, and evaluating. I did this to illustrate the connection between a mission and the financial blueprint for implementing the mission. However, several other authors recognize that this connection is not always maintained by an organization. An operating budget can be developed apart from the mission and vision of the organization. Even finance-focused authors recognize this possibility,

Many times, however, churches engage in elaborate budget development processes without first evaluating whether their activities are in alignment with their mission and purpose. In some cases, churches operate without a well-defined expression of their mission and purpose. Ensuring that the church’s budget is a function of its mission and purpose will help church leaders avoid putting the cart before the horse, or for that matter, having the cart *detached from* the horse.<sup>3</sup>

I believe that the research suggests keeping the visual distinction—but not separation—between the mission and the operating budget.

However, the interviewee’s observation leads me to consider the implication of dividing the seminar into two separate presentations. Multiple interviewees suggested that the accounting theory portion alone might be worth separating into its own presentation. Logically it would appear easy enough to divide the presentation in order to spend more time helping groups identify specific improvement areas for their own budgetary process. However, the two kinds of righteousness education the person received provided them with a strong sense of the godliness and holy work that accompanies the task of budgeting and managing God’s gifts. In fact, this is the kind of new perspective that Biermann expects to find when our identity is grounded in the active care of God’s creation outlined in Gen 1:26–28:

This understanding also provides new perspective on the sort of work that is often diminished or devalued as routine or mundane. What is done simply to fulfill the

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<sup>2</sup> Gross, *Financial and Accounting Guide*, 440.

<sup>3</sup> Batts, *Managing Ministry Resources*, 2. Emphasis original.

demands of the daily schedule may be deemed ordinary and unexceptional; but when undertaken for the sake of the creation, it is precisely the work that needs doing, and is important and precious as it fulfills its place within God's plan for his creation.<sup>4</sup>

Therefore, I do not believe that the concern which is raised comes from a problem with the conceptual map of the budgetary process. It is more an indication to me that my seminar provided a deeper appreciation of the two kinds of righteousness. I will need to keep this in mind as I consider the possibility of dividing the seminar for use in the future. In my desire to share practical accounting theory with others, there remains a need for the budgetary process to be understood in the context of a life lived within the two kinds of righteousness.

The second insight comes from a question regarding the applicability of the conceptual model of the budgetary process for congregations with schools. One of the interviewees posed a question about the appropriateness of having a single circle for mission in the center of the process when describing congregations with schools or preschools. The topic was brought up when I asked the final question looking for unclear or confusing parts of the seminar. At that point the person mentioned:

Interviewee A: ... you come from a larger congregation that had a fairly good-sized school. And we have a fairly decent sized preschool. While in each case there is no question but that those educational functions fit the mission of the church, nonetheless, no matter how large they are still a subset of the totality of the mission of why we are here in this place at this time. Why the Lord has placed us here. And even though it's a subset it is almost so big a subset that it almost needs its own process, still driven by the vertical [righteousness] axis, if you will, but for example our mission statement, if you said this is the mission statement of the preschool people would say, huh? Because, if you took the preschool and said the preschool is part of what we do to fulfill this mission statement, you get it. But if you were just looking at the preschool and you said but this is our mission statement you would say it doesn't match. And I think that would be the same for any church that had a school, whether it was a decent sized preschool or a Christian day school or whatever it was. You could see how it fits in but if you look strictly at what is this school doing with the resources allocated to it, the overarching mission statement doesn't fit. And I'm not sure, once again, whether in as you frame your dissertation working with your

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<sup>4</sup> Biermann, "A Theological Foundation for Stewardship," 5.

advisor you would say “this is not the focus, we aren’t going there.” Or whether it would be felt better to address it but make it clear why it cannot be a part or ought not to be a part of this specific presentation. I don’t know which is better, to ignore it or to acknowledge it and then ignore it.

I believe the question probes the scalability of the conceptual model of the budgetary process and its usefulness as individual ministry sizes increase. I say that because, in one sense, every board and ministry group goes through this process of translating their ministry goals into financial terms. Each group is asked to develop its own miniature operating budget or is given an annual amount by a governing group. Some ministries are only cost centers which are not expected to generate income in order to cover their program’s expenses. Other ministries like a school may have their own income streams from endowment funds, parent fees, and governmental support. No matter the size of these ministries the process of developing, monitoring, and evaluating the operating budget takes place. Nevertheless, the question asks if there should be multiple mission circles listed inside of the conceptual map or is there a point at which a ministry develops their own budgetary process separate and apart from the parent congregation?

Within the scope of my research I do not believe that I came across any guidance for answering this question specifically. I am aware of a basic budgeting book written to for-profit companies by Ramsey. He designed a conceptual model that did not use the term mission. Instead, he described the development of an operating budget that begins with goals and objectives which lead to development of tactics, procedures, and policies:

**Goals:** In any form of planning the first step is to develop a general list of goals to be achieved. These goals may be more philosophic in nature, rather than a specific plan of action.

**Objectives:** From our goal statement, we need to define specific performance objectives which can be quantified and measured. We do this so that it is clear to



managers at all levels what we plan to accomplish. We can also establish specific performance objectives against which progress will be measured.<sup>5</sup>

If a person replaced the single circle called mission in my diagram with a two-part circle labeled goals and objectives one might be able to address the concern (Figure 4).

Figure 4. Revised Budgetary Process Conceptual Model



A congregation and an associated school can share the same goals from a theological point of view but can define significantly different performance objectives. I certainly could share this image with Ramsey's definitions during the presentation to provide further detail. Yet, I likely would remove the detail later on in the presentation to illustrate the problem of separating the budget from the mission (Figure 3).

The final insight arises from a question regarding the applicability of the model for churches whose facility and personnel expenses are greater than 75% of annual expenditures.

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<sup>5</sup> Ramsey, *How to Survive the Budgeting Process*, 16–18.

This question was also raised when the individual was asked to identify parts of the seminar which were unclear or the least helpful. The individual responded with the following:

Interviewee A: But, again, most of the congregations of which we previously have been members were where the personnel costs, the pastor and the office assistant, if you will, took up the biggest portion and it was always in that more than 75% range, which to me says, okay, the first question is, is the work that the pastor, working with the elders, is doing advancing the mission of the congregation okay? Because you can have a disconnect. Again, what I really loved about this is I went home and literally all through the weekend, while I have been doing other things, I have been thinking about this and I went back and I identified we had one church that was troubled, and it hit me. The pastor who was called to serve that congregation, and I was on the call committee that called him, was not, in spite of the fact that he was hardworking and doing his best, he was not on the same page with the needs of the congregation, there was a disconnect there. And that can happen no matter how well-meaning both the congregation and the pastor are; it's not fitting. And that, looking back on it from the vantage point of a fair number of years now, but also from the new viewpoint of marrying budget and mission and the big amount of the resources going to the pastoral ministry in that congregation is the congregation has to believe in the mission that they have stated, if they have stated one, and the pastor has to be working in that same direction. The second thing is with the limited resources that are left it is even more important to assure that you are allocating those resources, and by resources I am trying to be more inclusive than just money, money is important, but, being a little bit crass about it, all churches employ an awful lot of free labor, in the expenditure of that money. So, of that last 15 or 20 or 25% or whatever it is of the money that gets spent and the resources that the congregation brings to it, everything from choir to altar servers to people who put the worship folder together and everything else you've got to make sure that all of the tasks that you are asking them to do are mission aligned because we don't have anything to waste in that category, so those are the two things as I have been thinking about it that came home to me and the implications of that are you need to be very intentional about what you do. Need, I shouldn't use terms like that, it's good to be as intentional as you can be about what you are doing because if you do that you are more likely to all be pulling for the Lord in the same direction and doing the best that you can in this place at this time.

The conceptual model of the budgetary process itself is not the heart of the question. Rather the question is exploring the relationship between the mission of the organization and the operating budget that is produced. How does the relationship between mission and operating budgets work or fail to work with fixed costs such as personnel or grounds and maintenance?

The individual recalled a previous congregation where the church invested in a staff

member who did not share the same mission and vision as the leadership of the congregation. The conceptual map would suggest that a congregation should evaluate their programs and ministries on the basis of their stated mission and vision. A congregation which has annual conversations or evaluations with full and part-time staff might find it helpful to review the mission and vision of the congregation. This type of review might help encourage greater alignment between ministry staff and congregational goals and objectives.

However, when working with support staff or evaluating the costs of the buildings, grounds, and maintenance, it becomes even more challenging to make a one-to-one connection between mission and operating budget expenditures. How does the decision to convert all the lights to LED technology on LCC's campus help us fulfill the mission of, "Welcoming all to walk together toward an abundant life in Christ?" How do the insurance coverage limits or choice in landscaping contractors get evaluated each year in light of our measures of helping people "Walk in the Word, Serve with Commitment, and Share Jesus with Joy?" I do not believe the answer is to claim these are not part of LCC's strategy. In fact, David Maddox suggests that these are all part of an organization's "real" strategy—not just a static strategic plan document:

Budgets inevitably reflect the organization's *real* strategy—whether that strategy is implicit or explicit, the product of conscious planning or circumstance. The budget shows what the organization thinks is going to happen and what initiatives it is going to take. Some aspects of a budget are less within the organization's ability to dictate—for example, if fuel costs are rising, the organization may have to devote significant additional resources to keeping its facility heated. Keeping the buildings warm may not be a primary strategic objective of the organization, but it may take precedence over more visionary expenditures. If enough of these types of costs hit a budget, its actual strategy for the time being is to keep the doors open. This situation is not very inspiring, but it is often the real world of nonprofit organizations.<sup>6</sup>

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<sup>6</sup> Maddox, *Budgeting for Not-For-Profit Organizations*, 12. Emphasis original.

Investments in support staff, buildings, grounds, and maintenance are all intended to support the church's mission. Part of the planning process is to evaluate those investments and to maximize the impact of those resources.

### **Summary of Chapter Five**

In conclusion, I believe that the data gathered from my own observations, the seminar participation, and the five interviews demonstrate that the seminar was successful in educating the leaders of LCC. The leaders were able to identify ways to add theological and financial integrity to the budgetary process at LCC. It did not accomplish this objective by emphasizing the limitations of an operating budget or creating a pessimistic view of its usage at LCC, as I had anticipated. Instead, because the seminar utilized the two kinds of righteousness framework, the participants were encouraged to use the operating budget in the appropriate context of our active righteousness managing God's gifts in this world.

However, the interview questions were insufficient to assess adequately the depth of the impact of the two kinds of righteousness education on LCC's leadership. In the future it would be instructive for me to ask participants, "How might you approach your role in the budgeting process differently as a result of your understanding of the two kinds of righteousness?" I believe that the feedback regarding the conceptual model of the budgetary process does not require any significant changes to the diagram. Instead, the feedback will inform my use of it in the future when sharing with other individuals or congregations.

## **CHAPTER SIX**

### **SUMMARY & CONCLUSION**

#### **Introduction**

This document serves as the final product of the project, but it cannot fully represent the impact of the MAP for myself or my faith community. Nevertheless, in this final chapter I will attempt to share some of the ways I believe this MAP has contributed to the ministry at LCC and the wider church body of The Lutheran Church—Missouri Synod. I will also highlight some of the ways in which the writing process has generated growth in my personal and professional life. Finally, I will offer a few recommendations for further research fully knowing that future readers will bring their own unique insight to this work and may arrive at conclusions that I have not considered.

#### **Contributions to Ministry**

This project has contributed both to the ministry at LCC and more broadly in my service to the circuit and district. Within LCC the seminar has contributed to the transition and succession process of the sole pastor role, the strategic planning process, and the annual budgetary process. On a basic, yet important level, the development of this MAP and my leadership during the seminar has served as an important step in my sole pastor role at LCC. LCC was founded in 1982 and has only had two long term pastors who each served for almost 17 years. The most recent pastor, Rev. Kenneth Redmann, led the congregation in implementing a transition and succession plan for his position prior to his retirement in 2017. As a result, I was called to serve as an associate pastor at LCC 10 months prior to his departure. During that period of time I was able to learn about the ministry at LCC before making limited changes while he was still present. In September 2017, I was then called to be the sole pastor at LCC. But the transition from

associate pastor to sole pastor can never transfer the experience and working relationships built up over years of leading the congregation at LCC.

I discovered that the process of developing, writing, leading, and evaluating the seminar allowed the leaders of LCC to engage with me on this educational journey as partners and to view me as a colleague and theologian. My monthly reports on my doctoral progress led to impromptu discussions about defining the problem at LCC and the purpose of the seminar. Many of them took the time to engage in the discussions and were interested in participating in the seminar. This shared sense of journey and accomplishment helped my transition from being perceived as the *new* pastor to becoming the pastor with whom they had served side by side.

At the same time conducting the seminar using the two kinds of righteousness framework allowed them to engage with me in a level of theological discussion that they have not had before. The prior pastor excelled in Bible study and relating the Scriptures to daily life. The seminar revealed to LCC's leaders my expertise gained from my days of accounting while doing so in a context of our Lutheran theology. It went beyond basic exegetical considerations and focused on applying the doctrines of The Lutheran Church—Missouri Synod to the annual budgetary process. Several leaders appreciated my leadership in this area and even suggested that I share portions of this project with the voter's assembly and wider church body.

While the MAP contributed generally to my role as sole pastor at LCC, it more specifically advanced the work that LCC had begun with the strategic planning process. The seminar encouraged the integration of the strategic planning efforts into the budgetary cycle at LCC. When I began serving at LCC, I felt that my transition time needed to begin with a period of congregational self-discovery. How is our congregation uniquely called by God to glorify him and to make disciples of all nations during this new era of the church? I was certain we had the

skills and abilities from the retirees who came from all over the country to accomplish a variety of mission projects. We could have started a new ministry such as opening a soup kitchen or food pantry, or we could have re-activated a previously stalled project to build a five-story assisted living complex on our 11 acres of land. But I felt it was important to engage first in prayerful consideration of our mission, values, strategy, and measures. With the assistance of Rev. Jacob Hoyer, we began the planning process using the framework developed by Will Mancini.<sup>1</sup>

Prior to holding the seminar for the MAP, we had utilized the strategic planning work in a limited capacity. After two years of effort the leaders at LCC developed a vision frame (Appendix Eleven) which represented our unique mission and strategy. We also were able to outline a one-year and a four-year goal (Appendix Twelve) based on that framework. We had been using the vision frame at our new member orientation classes to speak about the ministries and direction of LCC. We had updated our bulletins and letterhead with the mission statement and had begun the classification of our congregation members in terms of our strategic categories of abundant life in Christ.

The seminar designed for the MAP helped us move the process of implementation even further. The group activities during the seminar encouraged the leaders to brainstorm specific enhancements to the budgetary process that put into use our defined mission and measures. The subsequent interviews revealed an overwhelming desire to develop and evaluate the operating budget through the use of the vision frame which we developed.

Selfishly, I would have liked my seminar to have been so monumental that it triggered an

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<sup>1</sup> Will Mancini, and Leadership Network (Dallas, Tex.), *Church Unique: How Missional Leaders Cast Vision, Capture Culture, and Create Movement*, 1st ed. (San Francisco, CA: Jossey-Bass, 2008).

immediate overhaul of our 2019 budgetary process. That simply was not the case. We have not yet developed our own ways to measure the effectiveness of the prior year's budget. We have not yet developed our own way of connecting our three strategic areas with the various sections of our operating budget. I believe the true impact of the seminar will only be seen when the leaders have taken the time to do that kind of hard work in adapting our strategy to our budgetary process. The reality is that there is no way of short-circuiting that kind of effort. Nevertheless, the conversations are taking place and the seminar provided the opportunity to begin considering ways to operationalize our strategy in the area of budgeting and financial planning.

In the broader context of ministry, the MAP provides me with a specific starting point to engage the wider church in the areas of accounting and theology. Up to this point I have routinely given presentations of an accounting nature to fellow clergy at our monthly gatherings. Generally speaking, the presentations have been focused around specific ministry questions and challenges raised from health plan choices to clergy compensation questions. This project, however, represents a solution to a problem that is felt by many pastors but not clearly understood. I believe the conceptual framework of the budgetary process will assist in the identification of their problems and possible areas of improvement. Just as the seminar participants at LCC were enabled to make ministry applications through the use of the conceptual model, so, too, I believe the fellow clergy can.

The MAP also extends the efforts of Arand and Biermann into the financial processes of a congregation. Without denigrating financial management or our active righteousness in the world, the seminar was able to enhance the leaders' appreciation of their passive righteousness in the context of the annual budgetary process. The seminar exposed the need to share that appreciation with the congregation in general and the finance committee at LCC specifically.



One interviewee suggested that the second half of the seminar could be delivered as a standalone presentation to congregation members at LCC or to fellow clergy at annual pastors' conferences.

### **Contributions to Personal and Professional Growth**

In addition to contributions to LCC and the wider church, the project contributed to my personal and professional growth. Personally, the MAP process has shown me that I am capable of accomplishing a long-term project. My professional life in consulting was focused on short term projects which required rapid assimilation of new information and quick solutions that could be communicated to a client and implemented in their workplace. I was not sure if any topic or effort could keep my sustained attention over a series of years. In fact, while at seminary I took a three-hour long personality test which suggested that I would not be able to complete any long-term creative endeavor. The process of writing this MAP has demonstrated to me that I am capable of completing a prolonged project of this depth. Through this process I have learned that I can be creative and that I am able to discover new insights that can be used in the context of ministry.

I had believed that I was an organized person before starting this project. But the constant demands of ministry, of a child who was diagnosed with cancer, of an older sibling who needed the attention of a father, of a wife who God has blessed me with required me to frequently reassess my calendar and schedule. Interestingly, I did not learn how to squeeze more time for every important relationship into my schedule. Instead, I learned to monitor the commitments that I was making to myself or to others. I could not do everything I wanted to do with excellence each and every day. Therefore, I had to give myself permission to move very important tasks to a list called "someday." I also had to admit that I could not follow through with other commitments and either had to delegate, renegotiate, or decline them.

From a spiritual perspective I was able to grow in my own integration of my passion for faith and finances. As a former accountant and consultant who entered the pastoral ministry as a second career, I was unsure how to view my previous work experience. I remain passionate when I have conversations about a chart of accounts or an income and expense statement with fellow pastors who struggle with those concepts. I enjoy bringing meaning out of financial data which could be used by church leaders to accomplish the mission and vision of the church. But somehow in my own mind I was worried that the effort fell outside the area of theology. The research on the two kinds of righteousness and of the books and articles on the topic of stewardship helped connect and integrate the joy of finances with my fundamental relationship as a child of a giving God.

In addition to personal growth I believe that I have grown professionally. First, the project has reinforced the value of writing and documenting my ministry assumptions and ideas. The new appreciation that I have for writing may at first glance appear trivial or inconsequential. Nevertheless, this project has powerfully demonstrated to me that thoughtful engagement in ministry challenges requires me to take time to document my thinking. Specifically, I have observed how it can help clarify the problem, help lead to new solutions and insights, and to allow for others to provide input which can improve the final product.

I am still amazed to review the transformation of my problem statement from January 2016 to my final project in March 2019. I did not realize how important and challenging it is to define a ministry problem. At the beginning I had a vague impression of a perceived problem and I attempted to build a proposal that addressed that stated problem. During the process of writing out the problem statement and substantiating why I believed the problem existed, I eventually concluded that my problem statement was incomplete and incorrectly worded. In some ways it

was a process of developing iterations of my problem statement and proposed solution that led me to a new insight or learning.

Writing down my proposed solutions and goals also revealed my own expectations and assumptions that I was bringing to the problem. It revealed to me my own perspective on the issue and then allowed me to interact more deeply with the authors in my literature review. I was able to see an issue from someone else's perspective and then to reevaluate my problem statement, my approach, and my assumptions accordingly.

Writing down my ministry proposal, not only helped me think more clearly about ministry, but also allowed other readers to interact with my ideas. In some areas the feedback highlighted parts of my own thinking that were unclear or imprecise. In other areas those kinds of peer reviews expanded or deepened my own efforts. That kind of feedback is not easily done through verbal or short email conversations.

My prior career placed a heavy emphasis on short, simple, and clear summaries for clients. Executive summaries, bullet points, and graphical analysis were the tools of the trade for a consultant. I believe that those skills are very helpful in preaching and teaching and will continue to be essential. But this MAP has affected my perception of lengthier analysis. I now have begun to appreciate its value and see the opportunity for it to be another ministry tool that I can turn to when appropriate.

The second area of professional growth that I have experienced was a deepening of my personal understanding of church accounting. Before this MAP I thought I had a solid understanding of accounting and church finance. And in one sense I did know some of the accounting concepts, terminology, and bookkeeping skills more than most of my fellow clergy. But as I attempted to come up with definitions of a budget and the annual budgetary process, I

quickly realized how limited my understanding truly was. Through the research I entered a world of financial conversations with pastors, accountants, and specialists in not-for-profit industries that went deeper than the accounting fundamentals.

I also quickly discovered that while I began my research in church accounting and stewardship books written for congregations, there was a wealth of learning to be found in resources written for not-for-profits. One resource specifically stood out as a comprehensive resource that I might turn to often. *Financial and Accounting Guide for Not-For-Profit Organizations* accurately describes the accounting environment for congregational needs in a very understandable manner. For instance, it summarizes so accurately why congregations are rightly concerned with cash balances and stewardship from a non-Biblical point of view which can still be persuasive in a congregational setting:

Like any organization (or individual), a not-for-profit organization should have sufficient resources to carry out its objectives. However, there is not real need or justification for “making a profit” (having an excess of income over expenses for a year) or having an excess of assets over liabilities at the end of the year beyond that which is needed to provide a reasonable cushion or reserve against a rainy day or to be able to take advantage of an unexpected opportunity, should one of these situations occur. While a prudent board should plan to provide for the future, the principal objective of the board is to ensure fulfillment of the functions for which the organization was founded. A surplus or profit per se is only incidental...

Not-for-profit organizations have a responsibility to account for funds that they have received. This responsibility includes accounting for certain specific funds that have been given for use in a particular project, as well as a general obligation to employ the organization’s resources effectively. Emphasis, thus, is placed on accountability and stewardship. To the extent that the organization has received gifts restricted for a specific purpose, it may segregate those resources and report separately on their receipt and disposition. This separate accounting for restricted resources is called fund accounting, and is discussed in Chapter 4. As a result, the financial statements of not-for-profit organizations can often be voluminous and complex because each restricted fund grouping, as well as the unrestricted fund, may have its own set of financial statements.<sup>2</sup>

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<sup>2</sup> Gross, *Financial and Accounting Guide*, 22.

This type of summary and analysis can be helpful in diffusing contentious conversations regarding budgeting and finances. If church leadership desires to create a cash reserve, does that automatically equate to a lack of faith in God? No, a prudent church plans for the future by providing a “reasonable cushion” for unexpected challenges or opportunities which the Lord places in front a congregation. This non-Biblical analysis of not-for-profits can even help me respond to more generic questions such as, “Why can’t the church create a simple bulletin statement to let us know where we stand financially?” Churches have a responsibility to steward all the money received in a faithful manner according to the donor and the church’s goals. This results in sometimes large and complex reports because we place special emphasis on accountability and stewardship.

The entire MAP writing process has positively impacted my own growth personally and professionally in ways that I had never anticipated. It reinforces what I was taught in our class about project research methods and writing. While the MAP itself is an important part of the doctoral education process, it is the engagement in the process of writing the MAP that is a valuable skill to learn. As a result of my doctoral experience, I will be able to use these same skills on future ministry problems to serve the church even more effectively.

### **Recommendations**

As I conclude my project, I would share a few of my own recommendations on possible changes to future uses of this project, additional areas of research related to this project, and new areas of study. There are a few things that I would recommend being done differently if someone were to use this seminar in the future. First, as I have observed in Chapter 5, I originally worded my goals from an overly negative point of view. In the future I would not approach the seminar with the goal of educating leaders about the *limitations* of a church operating budget. I believe

the doctrine of the two kinds of righteousness would affirm the use of the church operating budget while also encouraging the use of a church's mission statement and additional activities that encourage the appreciation of our passive righteousness during the annual budgetary process.

Building on this subtle shift in design, I would also change interview question number 3 to better gauge an individual's appreciation of their passive righteousness during the budgetary process. I would not use the original question because it assumed that each person was in my role of spiritual leadership during the budgetary process. Instead, I would ask, "How do the two kinds of righteousness affect *your* involvement in the budgeting process at LCC?" I would ask, "How might you approach your role in the budgeting process differently as a result of your understanding of the two kinds of righteousness?" If I wanted to be even more direct, I would consider asking, "How does your passive dependence on God in Christ Jesus affect how you approach the task of budgeting in your role at LCC?"

When it comes to the conducting of the seminar itself, I would recommend using the full three hours. During the small group activities I would use the additional time to ask each pair to write down specific improvements inside the conceptual framework of the budgetary process. I would encourage the group to select one or two possible solutions and write down next steps which the leadership might take in order to enhance the financial and theological integrity of the budget process. The goal would be for the seminar to help the participants leave the seminar with specific and actionable solutions that might be considered at a future leadership meeting.

This research project was one possible solution to the problem of the church operating budget used at LCC as the sole tool during the annual budgetary process. Another approach might have been to survey congregations of similar size to identify different accounting or

theological tools used during the annual budgetary process. The project could compare the documents used in the development and evaluation of the church operating budget from a sampling of churches. It could also review the agenda and discussion items involved in the annual budgeting meeting of the congregation. Finally, a sampling of pastors could be asked questions about the connection between the operating budget and the mission and vision of the congregation and about the ways in which members are encouraged to appreciate their baptismal identity as passive receivers of God's gifts during the budgetary process.

A separate study might be designed to utilize the conceptual framework for the budgetary process and assess its effectiveness in congregations with and without schools. My interviews yielded a number of questions regarding the scalability of the conceptual model. A new project might be designed to answer the following three questions, "Would the seminar be equally effective when the church leadership consists of members from large school or preschool ministries?" Would the interview questions yield more or less specific results if there was a school ministry? Is the concept of designing and evaluating a budget based on a congregational mission be reasonable for congregational leaders with large school ministries?

Finally, there are a number of areas that I encountered during the research and writing of this MAP which would be new areas to explore as a future project. The first area might be the topic of budget purposes, types, and audiences. I mentioned this idea in Chapter 4 when looking at production operating budgets. For-profit industries have a variety of budgets that are used in their organizations for different purposes. In my research I learned that operating budgets were intended to be used by internal managers of an organization to control costs and not to report to shareholders. So why do most congregations give the same budget they had been using to manage operations, directly to the voter's assembly? Is there guidance in the public sector which

the church might use to improve our communication with the voter's assembly?

A project like this might begin by compiling a list of the different types of budgets that are used by church leadership for managing operations and for congregational reporting. How many congregations use the same document? What variations are used in a congregational setting within The Lutheran Church—Missouri Synod or my local district? Outside of our denomination are there congregations that use a special shareholder financial report that differs from the operating budget? The responses to these questions would then be assembled and analyzed.

The above questions can also lead to the topic of the different *functions* of a budget. Budgets can be used to authorize spending, to forecast sources and uses of funds, to plan and prioritize, to communicate and coordinate, to motivate, and to evaluate.<sup>3</sup> In addition to understanding the audience of a budget, it would be helpful to gain clarity on the *function* of the budget that is required. Some authors have observed that congregations run into problems when they have different assumptions about the function of a church budget:

Church leaders have widely varying views on the purpose and function of the church's operating budget. For some, the operating budget is merely an estimate or a rough guideline of expectations for financial activities during the applicable period. For church leaders who espouse this view of the operating budget, the budget is not an authoritative document, nor is it an expense control mechanism. For others, an operating budget—once approved—is an official expression of limitation on the amount of expenses that may be incurred by the church. For churches that espouse this view, any expenditure in excess of what is authorized in the operating budget may not be incurred without specific approval. A church's view on whether the budget acts as an expense control mechanism or is simply a helpful guide depends in large part on the church's governance model and church polity.<sup>4</sup>

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<sup>3</sup> "Otley (1977) identified six traditional functions that a budget can serve: (1) authorisation(sic); (2) forecasting; (3) planning; (4) communication and co-ordination; (5) motivation; and (6) evaluation." Ron Kluvers. "Budgeting in Catholic Parishes: An Exploratory Study," *Financial Accountability & Management* 17, no. 1 (February 2001): 47.

<sup>4</sup> Batts, *Managing Ministry Resources*, 9.



A future project might explore how the different functions of a budget, such as authorization combined with motivation, do or do not work well together. How does a budget that is designed for cost control and for monitoring variances in expense levels assist a church in communicating and motivating ministry investment?

### **Conclusion**

Ultimately my hope and prayer are that my efforts on behalf of LCC might contribute to a conversation about the two kinds of righteousness as applied to the annual budgetary process. The church operating budget plays an important role in our congregations as we actively steward the gifts that the Lord has given. At its best, it is the means by which we attempt to express our mission of glorifying God and making disciples of all nations into dollars and cents. And yet the process of budgeting is done in the context of our primary relationship with God, our Heavenly Father. I offer this MAP as one attempt to encourage theological and financial integrity in the annual budgetary process at LCC. May the reader be blessed in his or her own faithfulness in stewarding God's resources.

## APPENDIX ONE

### Budget Theory Seminar Slides for Lutheran Church of the Cross, Port Charlotte, FL

# Congregational Budgeting Seminar: Budgeting Theory & Lutheran Theology Meets Practice

Rev. R. Brian Stolarczyk

## Budgeting Theory

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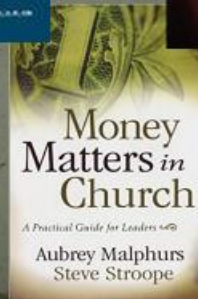
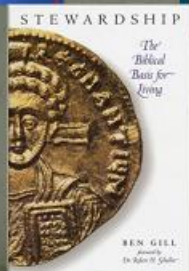
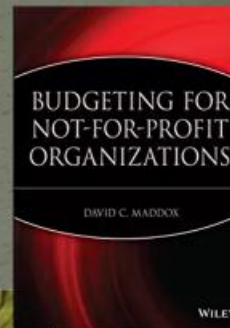
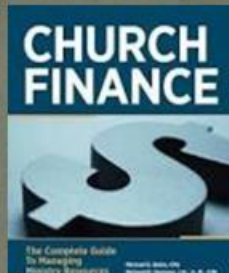
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# Budgeting Theory



## Part 1: The role of mission and vision in the budgetary process

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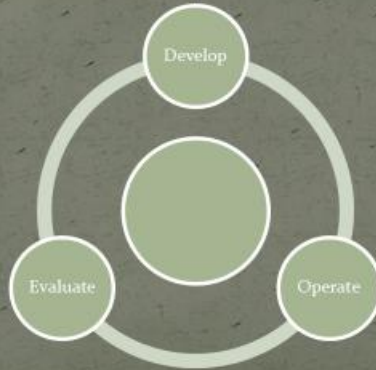
### Budgetary Process

- “There are obvious differences between organizations—size, type of mission, number of programs, to name just a few factors. Across the variety, the budget process maintains a remarkably consistent shape from place to place. Generally, the budget process consists of three basic phases:
  1. Budget development
  2. Budget monitoring, tracking, and adjustments
  3. Analysis of final results”

Maddox, David C. *Budgeting for Not-For-Profit Organizations*. Wiley Nonprofit Law, Finance, and Management Series. New York: Wiley, 1999. 27

## Entire Budgetary Process

- The annual process of developing, operating\*, and evaluating LCC's financial plan.



\*Operating is used generally here to encompass a range of purposes that an operating budget can serve. This includes *monitor* and *control* while operating with a budget.

## Budget Definitions



### Basic Definition

- “A budget is a plan for allocating available resources.”

Henry, Jack A. *Basic Budgeting for Churches: A Complete Guide*. Nashville, Tenn.: Broadman & Holman, 1995. 6

### Expanded Definition

- “A budget is a plan of action. It represents the organization’s blueprint for the coming months, or years, expressed in monetary terms.”

Gross, Malvern J, John H McCarthy, and Nancy E Shelmon. *Financial and Accounting Guide for Not-For-Profit Organizations*. 6th Ed. ed. Hoboken, N.J.: Wiley, 2000. 440.

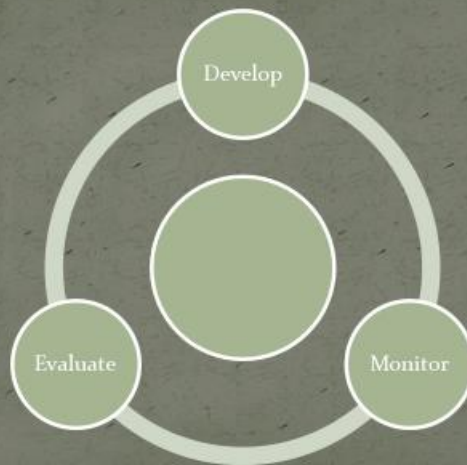


## Budgetary Process—Mission & Vision

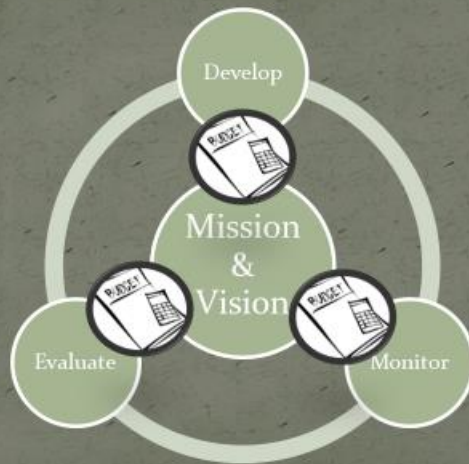
- Addressing church budgets starts with understanding the broader context of a church's mission and purpose. If a budget represents the financial blueprint for carrying out a church's ministry plan for a particular period of time, then logic would dictate that such a blueprint and its related ministry plan should be a function—a derivative—of the church's mission and purpose.

Michael E Batts, and Richard R Hammar. *Church Finance: The Complete Guide to Managing Ministry Resources*, 2.

## Budgetary Process



## Budgetary Process



## Budgetary Process Problem—Budget Separate From Mission & Vision

- Many times, however, churches engage in elaborate budget development processes without first evaluating whether their activities are in alignment with their mission and purpose. In some cases, churches operate without a well-defined expression of their mission and purpose. Ensuring that the church's budget is a function of its mission and purpose will help church leaders avoid putting the cart before the horse, or for that matter, having the cart *detached from* the horse.

Michael E Batts, and Richard R Hammar. *Church Finance: The Complete Guide to Managing Ministry Resources*, 2.



## Budgetary Process Problem

### Budget & Mission Separate



### Budget & Mission Together



## Budgetary Process Problem

- Budget Separate From Mission



In some cases, churches operate without a well-defined expression of their mission and purpose. Ensuring that the church's budget is a function of its mission and purpose will help church leaders avoid putting the cart before the horse, or for that matter, having the cart *detached from the horse*.

Michael E. Batts, and Richard R. Hammar. *Church Finance: The Complete Guide to Managing Ministry Resources*, 2.

## Part 1: The role of mission and vision in the budgetary process

Application to Lutheran Church of the Cross

### The role of mission and vision in the budgetary process

In groups of two or three discuss the following:

- Describe the budgetary process at Lutheran Church of the cross. How is the process connected to the mission and vision of Lutheran Church of the Cross?
- Describe how the mission and vision of Lutheran Church of the Cross is utilized in developing, operating, and evaluating the budget from the perspective of the voter's assembly, church council, or finance committee.

## Budgetary Process Problem

- Budget Separate From Mission



In some cases, churches operate without a well-defined expression of their mission and purpose. Ensuring that the church's budget is a function of its mission and purpose will help church leaders avoid putting the cart before the horse, or for that matter, having the cart *detached from the horse*.

Michael E. Batts, and Richard R. Hammar. *Church Finance: The Complete Guide to Managing Ministry Resources*, 2.

## Solution Example

- *Listing objectives:* Thus, a list of objectives and goals must be agreed upon. Before any dollars are attached to the costs of any programs, your congregation must agree on where it wants to go, what it intends to do, and whether or not existing programs should be continued, expanded, or discarded. Maybe you will only re-evaluate what you already have. Maybe you will toss something out which no longer serves a useful purpose although it may have done so in the past. Maybe you will keep the things that are working well and attempt to develop new ideas to replace what hasn't turned out so well in the past.

Holck, Manfred, and Manfred Holck. *Complete Handbook of Church Accounting*. Englewood Cliffs, N.J.: Prentice-Hall, 1978. 81.



## Solution Example

- But, prior to that first meeting, someone should prepare an accurate fact sheet about where the congregation has been and what it is doing now. That's so the entire committee will have the same basic information and assumptions about what has been going on. Figure 8.1 shows the kind of information that may be most helpful."

Holck, Manfred, and Manfred Holck. *Complete Handbook of Church Accounting*. Englewood Cliffs, N.J.: Prentice-Hall, 1978. 81.

FACTS YOU SHOULD KNOW ABOUT YOUR CONGREGATION BEFORE THE BUDGET IS MADE				
A				
Membership				
	Number	Increase	Percentage	
This year				
Last year				
3 years ago				
5 years ago				
10 years ago				
B				
Age Range				
	Number	Percentage		
Young to age 35				
Middle: age 36-59				
Older: age 60+				

### C. Weekly Giving Patterns by Families

Weekly gift	Number	Percentage	Weekly	Annually
Over \$75				
\$50-\$74				
\$25-\$49				
\$10-\$24				
\$5-\$9				
less than \$5				
No gifts				

### D Budget Summary

	Last Year	This Year	Percentage Attained Last Year	Percentage Attained This Year
Revenues				
Current				
Special				
Benevolences				
Other				
Total				
Disbursements				
Current				
Special				
Benevolences				
Other				
Total				

Cash deficits, if any. If					
E. so, how much?		\$ _____	this year;	\$ _____	last year.
Pledge response last					
F. year.					
	Pledged Budgeted		Percentage Pledged		
Current expense					
Special					
programs					
Benevolences					
G Number of					
family units:	last year _____,	this year	_____.		

I. Potential Resources					
1) Giving family units :					
	Number of Giving Units		Giving Units Equivalents		
Husband and wife	@ 1 =				
Single employed	@ 1 =				
Wife only members	@ 1/2 =				
Two denominations	@ 1/3 =				
Retired	@ 1/4 =				
Total					
2) Average family incomes (giving units)					
Our congregation	\$ _____				
Our community	\$ _____				
3) Total resources:					
Family income giving unit equivalent times average family income equals total potential resource \$ _____					
Giving Potential (the following percentages times potential resource listed above):					
If everyone gifts this percentage of income,	Then, potential income is this amount:				
15%	\$ _____				
8%	\$ _____				
5%	\$ _____				
3%	\$ _____				
Last year's Percentage (Annual congregational income divided by last year's potential resource):					
	_____ %				

## Solution Example

- *A planning resource worksheet:* At the first meeting of that larger committee, but before any of these facts are made available to the membership, the members should be given an opportunity to fill in their individual copies of a Planning Resource Worksheet as shown in Figure 8.2. This is a listing of all those things those members think their congregation should be doing now or sometime.” Holck, Manfred, and Manfred Holck. *Complete Handbook of Church Accounting*. Englewood Cliffs, N.J.: Prentice-Hall, 1978. 83.

CHECKLIST FOR PLANNING RESOURCE WORKSHEET					
			Needs		
		O.K.	Attention	No Need	Don't Know
Christian Education					
	Sunday Church School program meets needs of the congregation and				
1	community?				
	Vaction Church School				
2	program?				
3	Release time program?				
	Training programs for				
4	prospective teachers?				
5	Fulltime personnel needed?				
	Audio-visuals under				
6	responsible direction?				
	Subsidies for training schools				
7	and retreats?				
	Library facilities for the				
8	membership?				
	Adult conselors for youth				
9	activities?				
	Promote church colleges and				
10	church vocations?				
	Promote reading of official				
11	denomination publication?				

<i>Evangelism</i>							
Instruction and orientation							
1 for new members?							
Assimilate new members							
2 into congregational life?							
Use local news and broadcast							
3 media?							
Outreach to Church School							
4 parents?							
Reach new people in							
5 community promptly?							
Effective use made of							
materials provided by the							
6 church?							
Contacts maintained with							
our youth in colleges and							
7 armed services?							
Periodic congregational							
8 fellowship gatherings?							
Leadership trained in							
9 evangelism?							
Members prepared for							
10 witnessing in daily life?							

<i>Ministry</i>							
Staff sufficient for present							
1 and expected opportunities?							
Pastor relieved of							
2 administrative detail?							
Organized voluntary service							
3 program?							
Good working facilities for							
4 entire staff?							
Salaries of entire staff							
5 reviewed annually?							
Congregation regularly							
informed through parish							
6 newsletter?							
Periodic evaluation of							
7 program & outreach?							



<i>Property</i>							
Housekeeping (e.g.,							
1 cleanliness, heating, etc.)?							
2 Bulletin boards and signs?							
3 Custodial?							
4 Repairs made promptly?							
<i>Worship</i>							
Present hours of services							
1 adequate?							
Attendance by family units							
2 stressed?							
Hymnals in adequate supply							
3 and repair?							
4 Music leadership and staff?							
Organ and instruments on							
5 regular maintenance?							
6 Choir supplies and facilities?							
Ushers friendly, helpful and							
7 attentive?							
Members cordial to one							
8 another and to visitors?							
Religious art, music, and							
drama appreciation							
9 cultivated?							
Frequency of the							
10 Sacraments?							

<i>Social Ministry</i>							
Congregational program of							
1 Christian service?							
Service to emotionally							
disturbed (in the							
2 community)?							
Service to physically							
handicapped (blind, deaf,							
3 etc.)?							
Laity trained to visit and aid							
4 the sick, shut-ins and aged?							
Special transportation							
5 assistance?							
Laity serving as volunteers in							
6 local institutions?							
7 Interpret social problems?							
Hospitality to international							
8 students?							

<i>Stewardship</i>							
1	Stewardship education a year-round concern?						
2	Stewardship is understood to be total life commitment?						
3	Effective use is made of time and abilities of members?						
4	Children's pledges encouraged and offering envelopes used?						
5	Proportionate giving stressed?						
6	Our congregation is moving toward increased benevolence support?						
7	Mission education programs sponsored?						
8	Visits made to new members for information and pledge?						

<i>Finance</i>							
1	Prepares inclusive budget in view of expressed objectives for the congregation?						
2	Gives oversight to all financial affairs of the congregation?						
3	Attends, through the treasurer, to the prompt payment of all obligations?						
4	Benevolence monies are forwarded each month to the proper agency?						
5	"Overage" giving considered?						

## The role of mission and vision in the budgetary process

In groups of two or three discuss the following:

- How can the budgetary process be connected to the mission and vision of Lutheran Church of the Cross?
- How can the mission and vision of Lutheran Church of the Cross be used to develop, operate, and evaluate the budget from the perspective of the voter's assembly, church council, or finance committee.

## Stretch Break

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Take 5 minutes

## Part 2: The theologically one-sided nature of the church budget

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### Lutheran Theology

There are many ways to think about and speak about an individual or a congregation.

For instance, in the explanation of Luther's Small Catechism we encounter the following approaches:

- Distinction between Body and Soul
  - This distinction is used in the catechism to help us understand God's creation of people and what happens to us when we die (SC First Article of Creed Meaning; SC Explanation 190)
- Distinction between Visible and Invisible Church
  - This helps us understand how we are part of the Christian church: the visible church on earth which can contain hypocrites and the invisible gathering of all who truly believe (SC Expl. 174-179).

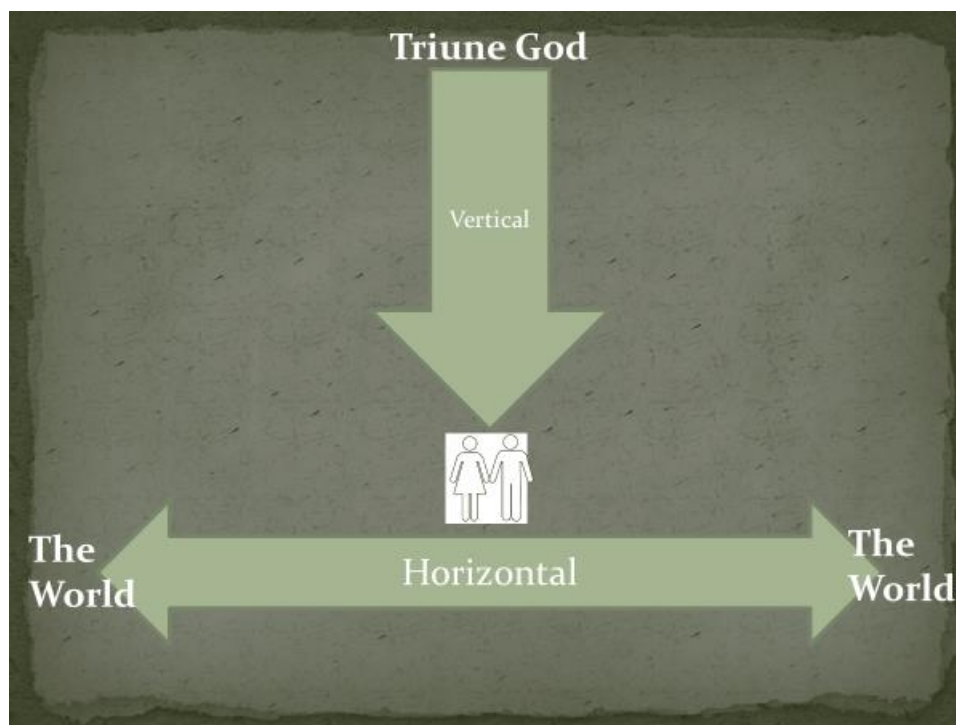


# Lutheran Theology

I believe that Martin Luther's doctrine of the Two Kinds of Righteousness can be helpful in understanding the use and limitations of the operating budget in LCC's annual budgetary process

- Doctrine of the Two Kinds of Righteousness
  - Theologically speaking an individual Christian or church can think of themselves as taking part in two fundamental relationships simultaneously. A vertical relationship to God and a horizontal relationship to the world. Both dimensions are necessary to understand what it means to be "human" and to understand the purpose for our existence.

Charles Arand, and Joel Biermann. "Why the Two Kinds of Righteousness?" Concordia Journal 33, no. 2 (2007): 117.

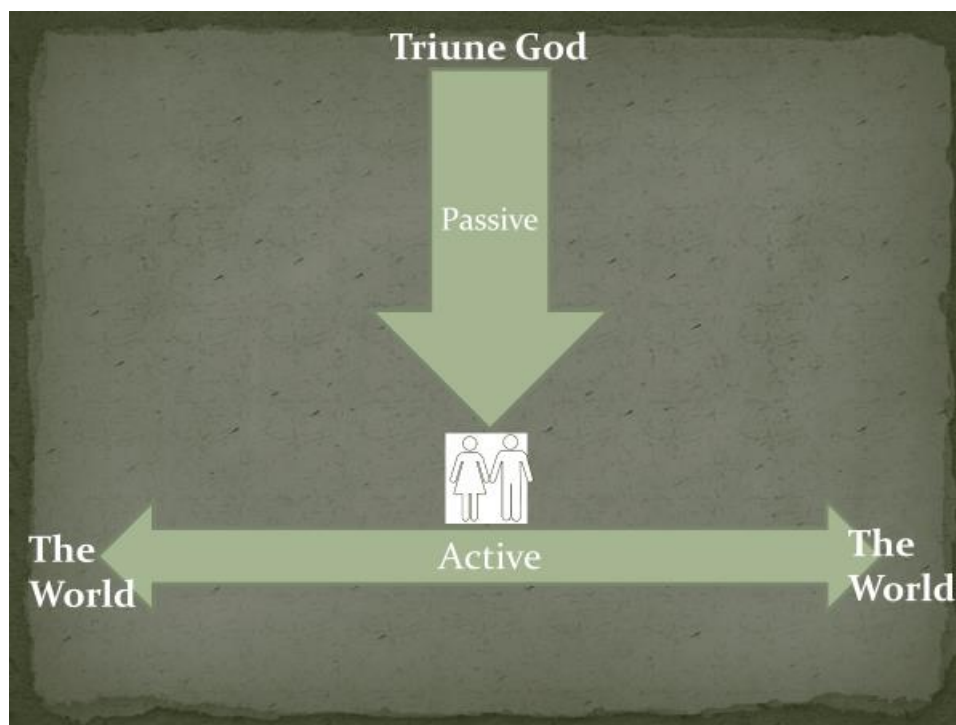


## Two Kinds Of Righteousness

- First we understand ourselves to be creatures and a Christian congregation who passively receive our righteousness from God the Father as our Creator (and again through Jesus the Redeemer).
- Secondly, we understand ourselves to be placed in this world as individuals and a congregation to live a life of “active righteousness” for the sake of our neighbor and God’s creation .

This is what it means to be fully human and righteous in relationship to the world and our fellow human being.

Kolb, Robert, and Charles P Arand. 2008. *The Genius of Luther's Theology : A Wittenberg Way of Thinking for the Contemporary Church*. Grand Rapids, Mich.: Baker Academic. 26.



## Biblical Illustration of Two Kinds of Righteousness

- (Gen. 1:26-28 ESV) Then God said, "**Let us make man** in our image, after our likeness. **And let them have dominion** over the fish of the sea and over the birds of the heavens and over the livestock and over all the earth and over every creeping thing that creeps on the earth." 27 So **God created man** in his own image, in the image of God he created him; male and female he created them. 28 And God blessed them. And **God said to them**, "**Be fruitful** and multiply and fill the earth and subdue it, **and have dominion** over the fish of the sea and over the birds of the heavens and over every living thing that moves on the earth."

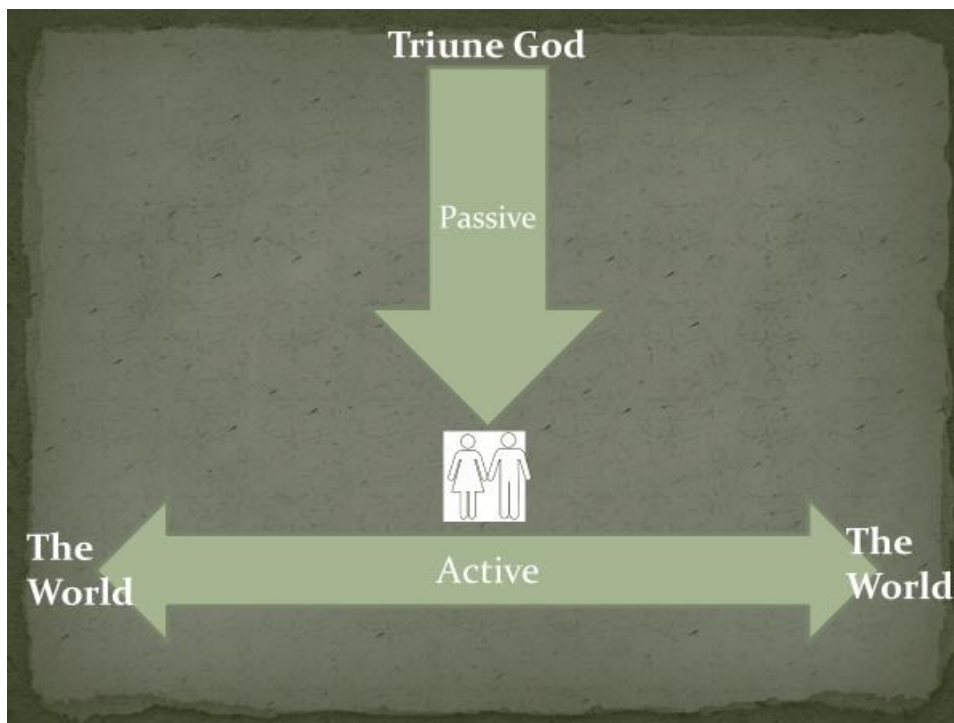




## Two Kinds of Righteousness

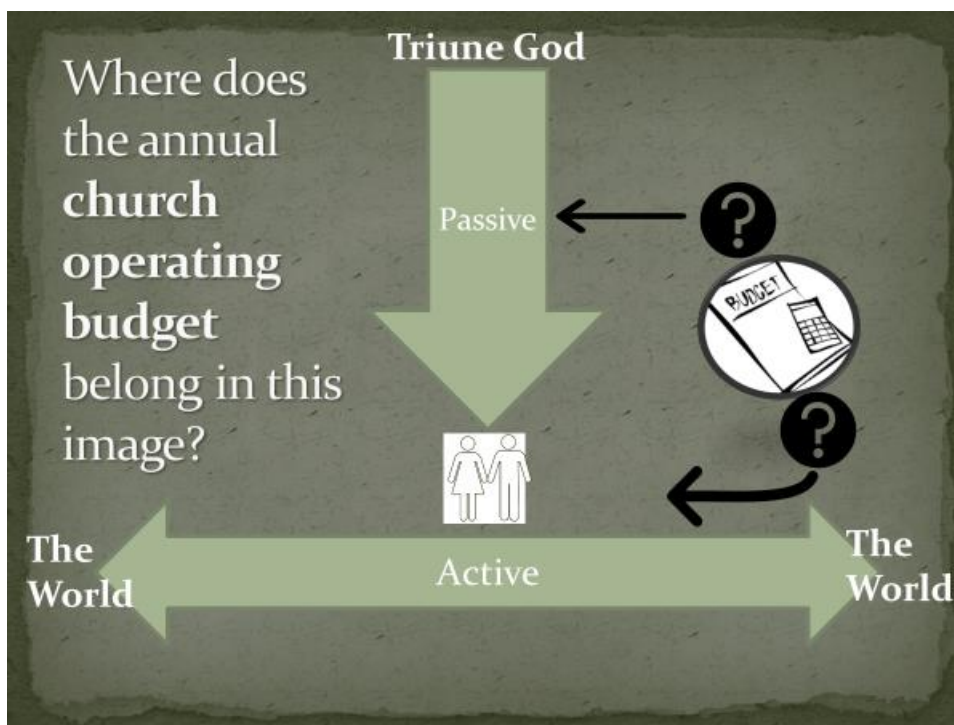
- Any attempt to understand oneself or one's own congregation without **both** relationships in the appropriate manner, passive or active, would lead to problems.

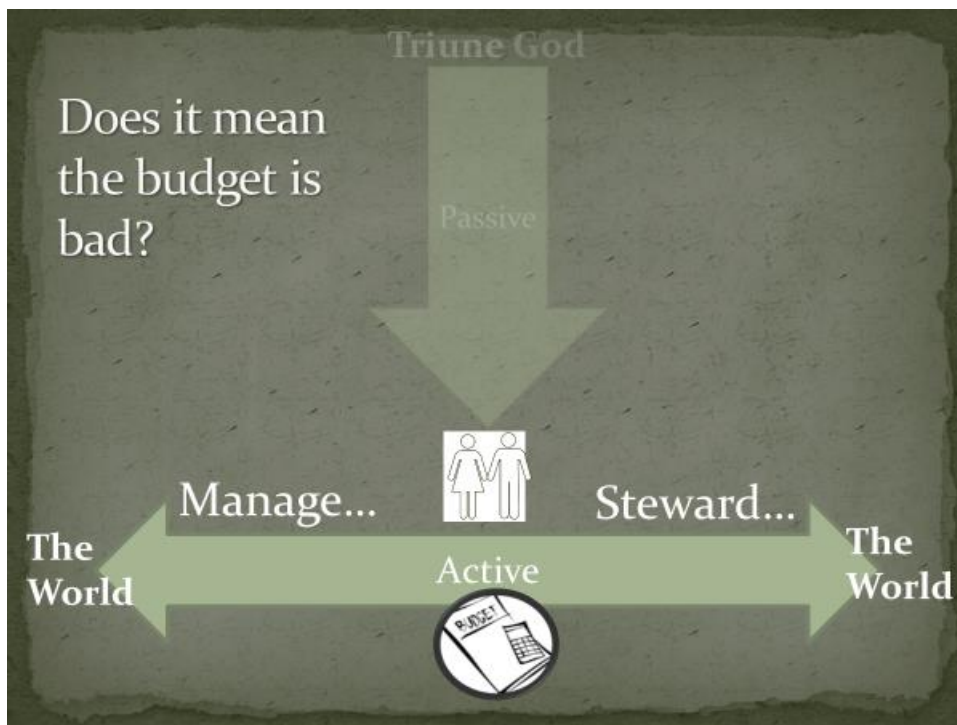
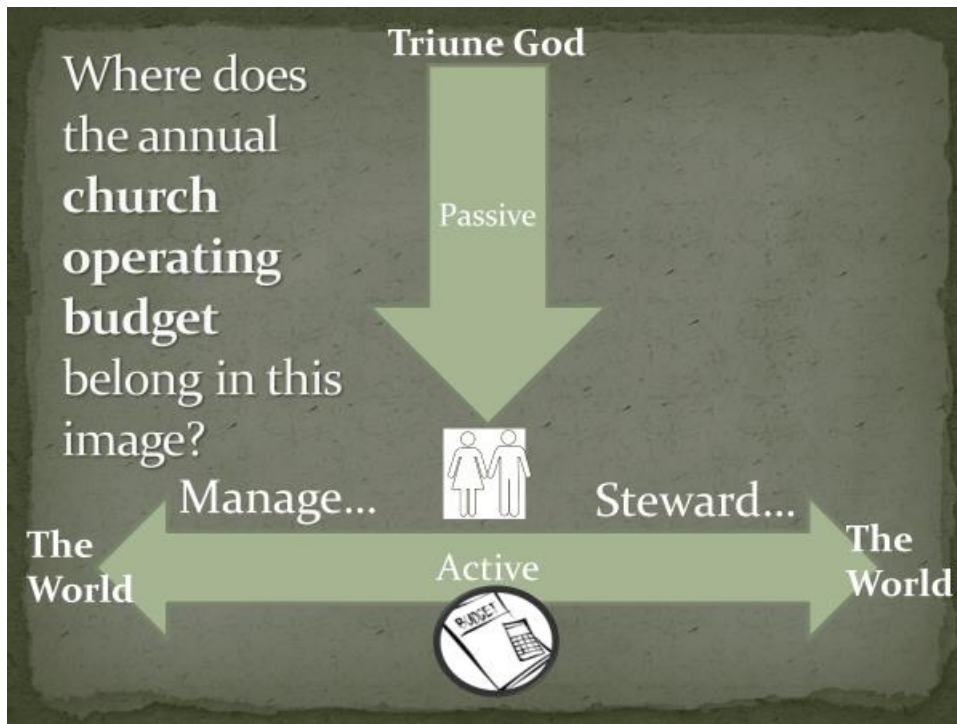
Kolb, Robert, and Charles P. Arand. 2008. *The Genius of Luther's Theology : A Wittenberg Way of Thinking for the Contemporary Church*. Grand Rapids, Mich.: Baker Academic. 26.





## Part 2: The theologically one-sided nature of the church budget







## One-sided Nature of the Budget

Budgeting is good, right, and pleasing!

- "It is a holy charge to provide care and direction to the creation. This is our task. It is our reason for existence. Notwithstanding the Christian traditions that relate our purpose to God's glorification, Scripture actually supplies an answer to the question "why am I here?" that looks not up to heaven, but around at creation. We are here to look after the creation."
- God has tasked us to take care of the limited resources that he has given to us which is precisely the role of a budget. One of the assumptions of a budget is that resources (income) is limited and the process of budgeting is to have the church allocated the resources in a balanced fashion.

Joel Biermann, "A Theological Foundation for Stewardship." In Leading As God's Steward, 6-19. St. Louis: Center for Stewardship, 2015, 4.

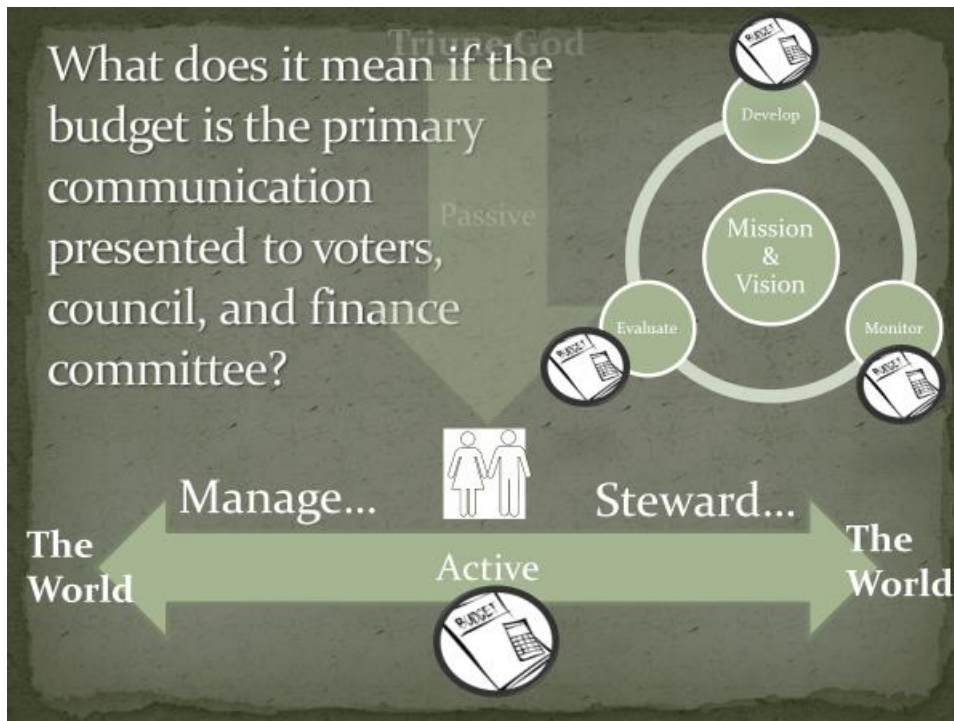
## One-sided Nature of the Budget

- How many times have you heard it said in a voter's meeting that we should not worry about budgets and financials, but **only** have faith?
  - What is wrong with this kind of statement?
  - How does Luther's Two Kinds of Righteousness help you respond?



## Part 2: The problem of the one-sided nature of the church budget





## Problem: One-sided Nature of the Budget

If the budget is a church's sole or primary means of communication with the voters, council, and finance committee during the entire budgetary process, then there is a danger of leading people towards diminishing the relationship between the Creator and creature—idolatry.

### Idolatry

- Martin Luther describes an idol as "that to which we are to look for all good and in which we are to find refuge in all need." When the projections of shortfalls or cash reserve become the basis for a congregation's fear, love, or trust; than the budget has taken the role of an idol.

(Large Catechism (1.2))

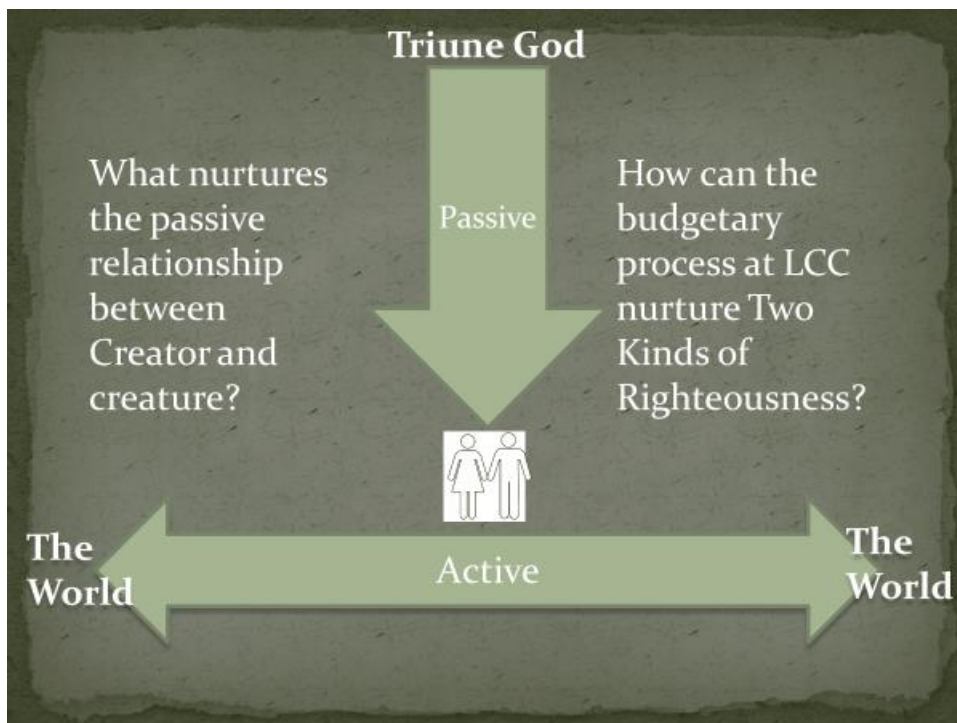
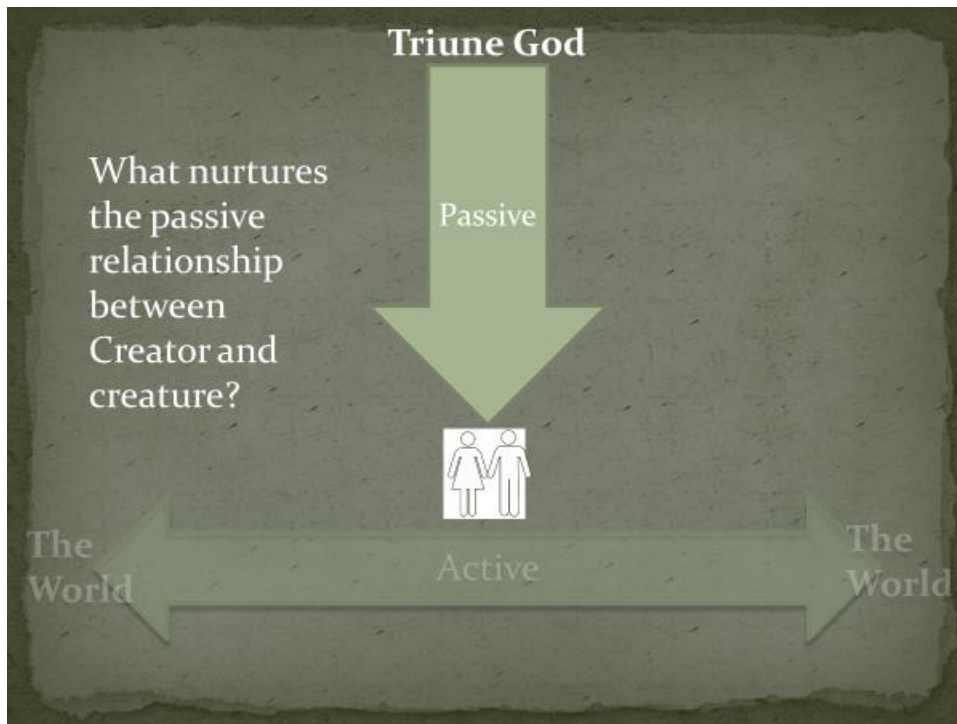
## Problem: One-sided Nature of the Budget

- *Therefore, let us learn the First Commandment well, so that we see that God will tolerate no presumption or trust in anything else; he makes no greater demand on us than a heartfelt trust in him for every good thing, so that we walk straight ahead on the right path, using all of God's gifts exactly as a shoemaker uses a needle, awl, and thread for his work and afterward puts them aside, or as a traveler makes use of an inn, food, and lodging, but only for his physical needs. Let each person do the same in his or her walk of life according to God's order, allowing none of these things to be a lord or an idol.*

(Large Catechism (1.47))

## Problem: One-sided Nature of the Budget

- The problem lies not in the budget in itself, but rather that it introduces only one Kind of Righteousness in the budgetary process.





## Nurturing Vertical Righteousness

- On the one hand the answer is that there is **nothing we can do** to make ourselves stronger/better receivers of God's gifts!
- Original Sin:
  - Furthermore, it is taught among us that since the fall of Adam, all human beings who are born in the natural way are conceived and born in sin. This means that from birth they are full of evil lust and inclination and **cannot by nature possess true fear of God and true faith in God.** (A.C. (II:1))

## Nurturing Vertical Righteousness

- On the one hand the answer is that there is **nothing we can do** to make ourselves stronger/better receivers of God's gifts
- The only answer Jesus!
  - Jesus: that through the Holy Spirit he may make holy, purify, strengthen, and comfort all who believe in him, also distribute to them life and various gifts and benefits, and shield and protect them against the devil and sin. (A.C. (III:5-6))



## Nurturing Vertical Righteousness

- Generally speaking the “tools” God gives us to nurture and strengthen faith are
  - Distinguishing Law and Gospel
  - As God speaks His Words of Comfort through
    - Spoken Word of God
    - Means of Grace: Baptismal identity, Holy Communion
    - Office of the Keys & Confession
  - As we respond to His grace through
    - Prayer
    - Hymns, Psalms, and Songs

## Nurturing Vertical Righteousness

- Therefore, our Lutheran Confessions would suggest that we
  1. Distinguish Law and Gospel by identifying potential idolatry in the budgetary process
    - What can we end up fearing, loving, or trusting in besides God?
  2. Consider how the Means of Grace can be used effectively for voters, council, and finance committee members during the budgetary process
  3. Consider appropriate ways voters, council, and finance committee members can respond to God’s grace during the budgetary process

## Nurturing Vertical Righteousness

- First we understand ourselves to be creatures and a Christian congregation who passively receive our righteousness from God the Father as our Creator (and again through Jesus the Redeemer).

Kolb, Robert, and Charles P Arand. 2008. *The Genius of Luther's Theology: A Wittenberg Way of Thinking for the Contemporary Church*. Grand Rapids, Mich.: Baker Academic. 26.

## Nurturing Vertical Righteousness

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God created us (and all things) from nothing (*ex nihilo*)

## Nurturing Vertical Righteousness

- (Gen. 1:1 ESV) In the beginning, God created the heavens and the earth.
- (Heb. 11:3 ESV) By faith we understand that the universe was created by the word of God, so that what is seen was not made out of things that are visible.

## Nurturing Vertical Righteousness

- (Col. 1:15-18 ESV) He[Jesus] is the image of the invisible God, the firstborn of all creation. 16 For by him all things were created, in heaven and on earth, visible and invisible, whether thrones or dominions or rulers or authorities-- all things were created through him and for him. 17 And he is before all things, and in him all things hold together. 18 And he is the head of the body, the church. He is the beginning, the firstborn from the dead, that in everything he might be preeminent.



## Nurturing Vertical Righteousness

- (Ps. 100:1-5 ESV) A Psalm for giving thanks. Make a joyful noise to the LORD, all the earth! 2 Serve the LORD with gladness! Come into his presence with singing! 3 Know that the LORD, he is God! It is he who made us, and we are his; we are his people, and the sheep of his pasture. 4 Enter his gates with thanksgiving, and his courts with praise! Give thanks to him; bless his name! 5 For the LORD is good; his steadfast love endures forever, and his faithfulness to all generations.

## Nurturing Vertical Righteousness

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God sustains all life

## Nurturing Vertical Righteousness

- (Deut. 8:2-6 ESV) And you shall remember the whole way that the LORD your God has led you these forty years in the wilderness, that he might humble you, testing you to know what was in your heart, whether you would keep his commandments or not. 3 And he humbled you and let you hunger and fed you with manna, which you did not know, nor did your fathers know, that he might make you know that man does not live by bread alone, but man lives by every word that comes from the mouth of the LORD. 4 Your clothing did not wear out on you and your foot did not swell these forty years. 5 Know then in your heart that, as a man disciplines his son, the LORD your God disciplines you. 6 So you shall keep the commandments of the LORD your God by walking in his ways and by fearing him.

## Nurturing Vertical Righteousness

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Biblical Idolatry

## Nurturing Vertical Righteousness

- (Ps. 78:10-20 ESV) They did not keep God's covenant, but refused to walk according to his law. 11 They forgot his works and the wonders that he had shown them. 12 In the sight of their fathers he performed wonders in the land of Egypt, in the fields of Zoan. 13 He divided the sea and let them pass through it, and made the waters stand like a heap. 14 In the daytime he led them with a cloud, and all the night with a fiery light. 15 He split rocks in the wilderness and gave them drink abundantly as from the deep.

## Nurturing Vertical Righteousness

- 16 He made streams come out of the rock and caused waters to flow down like rivers. 17 Yet they sinned still more against him, rebelling against the Most High in the desert. 18 They tested God in their heart by demanding the food they craved. 19 They spoke against God, saying, "Can God spread a table in the wilderness?" 20 He struck the rock so that water gushed out and streams overflowed. Can he also give bread or provide meat for his people?"



## Nurturing Vertical Righteousness

- (Dan. 4:29-35 ESV) At the end of twelve months he was walking on the roof of the royal palace of Babylon, 30 and the king answered and said, "Is not this great Babylon, which I have built by my mighty power as a royal residence and for the glory of my majesty?" 31 While the words were still in the king's mouth, there fell a voice from heaven, "O King Nebuchadnezzar, to you it is spoken: The kingdom has departed from you, 32 and you shall be driven from among men, and your dwelling shall be with the beasts of the field. And you shall be made to eat grass like an ox, and seven periods of time shall pass over you, until you know that the Most High rules the kingdom of men and gives it to whom he will."

## Nurturing Vertical Righteousness

- 33 Immediately the word was fulfilled against Nebuchadnezzar. He was driven from among men and ate grass like an ox, and his body was wet with the dew of heaven till his hair grew as long as eagles' feathers, and his nails were like birds' claws. 34 At the end of the days I, Nebuchadnezzar, lifted my eyes to heaven, and my reason returned to me, and I blessed the Most High, and praised and honored him who lives forever, for his dominion is an everlasting dominion, and his kingdom endures from generation to generation; 35 all the inhabitants of the earth are accounted as nothing, and he does according to his will among the host of heaven and among the inhabitants of the earth; and none can stay his hand or say to him, "What have you done?"

## Nurturing Vertical Righteousness

- (Rom. 1:18-23 ESV) For the wrath of God is revealed from heaven against all ungodliness and unrighteousness of men, who by their unrighteousness suppress the truth. 19 For what can be known about God is plain to them, because God has shown it to them. 20 For his invisible attributes, namely, his eternal power and divine nature, have been clearly perceived, ever since the creation of the world, in the things that have been made. So they are without excuse. 21 For although they knew God, they did not honor him as God or give thanks to him, but they became futile in their thinking, and their foolish hearts were darkened. 22 Claiming to be wise, they became fools, 23 and exchanged the glory of the immortal God for images resembling mortal man and birds and animals and creeping things.

## Nurturing Vertical Righteousness

In groups of two or three discuss the following:

- What are potential areas of idolatry in our budgetary process from the perspective of a voter, a council member, or a finance committee member?
- How can the Means of Grace be used effectively for those individuals?
- What are ways that these three groups can respond and affirm God's grace?



## Nurturing Vertical Righteousness

- Generally speaking the “tools” God gives us to nurture and strengthen faith are
  - Distinguishing Law and Gospel
  - As God speaks His Words of Comfort through
    - Spoken Word of God
    - Means of Grace: Baptismal identity, Holy Communion
    - Office of the Keys & Confession
  - As we respond to His grace through
    - Prayer
    - Hymns, Psalms, and Songs

Thank you!

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## APPENDIX TWO

### Initial Email Invitation to Seminar Participants

My doctoral project efforts continue, and I am preparing to conduct the seminar that I have designed as part of the project. I would like to invite the entire church council and finance committee to attend this leadership seminar that teaches budgeting concepts within the framework of the Two Kinds of Righteousness in order to help leaders at Lutheran Church of the Cross to integrate theological and financial integrity into our current budgetary process. I would like to do this on a Saturday morning from 9AM–Noon. I would like to find a date that might accommodate the greatest number of people. Would you mind letting me know which of the following 4 Saturdays could work for you to attend.

	Yes – Available	No-Not Available
May 19, 2018		
May 26, 2018		
June 2, 2018		
June 9, 2018		

I am including an informed consent form so that you may better understand what is involved and how the seminar is to be used. Your participation is completely voluntary and those who participate will be asked to formally acknowledge your consent by signing the form on the Saturday that is selected.

Sincerely,  
Pastor Stolarczyk

## **APPENDIX THREE**

### **Seminar Informed Consent Form**

**Study Title: Theological and Financial Integrity in Church Budgeting: A Study of the Effects of Budget Theory Education Using a Two Kinds of Righteousness Framework**

**Researcher: Rev. R. Brian Stolarczyk**

**Research Supervisor: Rev. Dr. David Peter**

You are invited to be part of a research study. The researcher is a student at Concordia Seminary in Saint Louis, Missouri as part of the Doctor of Ministry program (D.Min.). The information in this form is provided to help you decide if you want to participate in the research study. This form describes what you will have to do during the study and the risks and benefits of the study.

If you have any questions about or do not understand something in this form, you should ask the researcher. Do not sign this form unless the researcher has answered your questions and you decide that you want to be part of this study.

#### **WHAT IS THIS STUDY ABOUT?**

My research project is designed to help congregational leaders understand how their choice and use of budgets impacts their faith community. Specifically, I would like to discover how a seminar on the Two Kinds of Righteousness and budgeting theory can help a congregational leader think about their own congregational budgetary process. I would like this seminar to be used with leadership at Lutheran Church of the Cross to guide our implementation of QuickBooks in our annual budget process. I would also like this project to develop a seminar that can be shared at a circuit or district conference, with the hope that it would also be useful to other pastors and church leaders.

#### **WHY AM I BEING ASKED TO BE IN THE STUDY?**

You are invited to be in the study because you are:

- A Lutheran Church of the Cross constitutionally appointed leader involved in the budgetary process.

If you do not meet the description above, you are not able to be in the study.

#### **HOW MANY PEOPLE WILL BE IN THIS STUDY?**

About 14 participants will be in this study.

## **CONFLICT OF INTEREST**

The researcher is a pastor at Lutheran Church of the Cross.

## **WILL IT COST ANYTHING TO BE IN THIS STUDY?**

There is no cost to participate.

## **HOW LONG WILL I BE IN THE STUDY?**

If you decide to be in this study, your participation will last about 3 hours. You will come to the Fellowship and Ministry Center 1 time during the study. 5 leaders will be asked to voluntarily participate in a 90-minute one-on-one interview 1 time at a later date.

## **WHAT WILL HAPPEN DURING THIS STUDY?**

If you decide to be in this study and if you sign this form, you will do the following things:

- Participate in a mix of lecture and discussion about budgets and Biblical topics.
- Participate in discussion or ask questions about the material presented.

While you are in the study, you will be expected to:

- Follow the instructions you are given.
- Tell the researcher if you want to stop being in the study at any time.

## **WILL I BE RECORDED?**

The Saturday seminar will not be recorded.

Only the 5 individual interviews will be audio recorded. The researcher will use the audiotape to create a written transcript for data interpretation.

The researcher will only use the recordings of you for the purposes you read about in this form. I will not use the recordings for any other reasons without your permission unless you sign another consent form. The recordings will be destroyed, and the written transcript will be kept in a password protected format for seven years and they will be kept confidential. Names will be removed and substituted with numbers. The written transcript will be destroyed after seven years.

## **WILL BEING IN THIS STUDY HELP ME?**

This Major Applied Project is intended to assist Lutheran Church of the Cross. I would like this seminar to guide our implementation and use of QuickBooks in our annual budget process. I would also like this project to develop a seminar that can be shared at a circuit or district conference, with the hope that it would also be useful to other pastors and church leaders.

### **ARE THERE RISKS TO ME IF I AM IN THIS STUDY?**

No study is completely risk-free. However, we don't anticipate that you will be harmed or distressed during this study. You may stop being in the study at any time if you become uncomfortable.

### **WILL I GET PAID?**

You will not receive anything for being in the study.

### **DO I HAVE TO BE IN THIS STUDY?**

Your participation in this study is voluntary. You can decide not to be in the study and you can change your mind about being in the study at any time. There will be no penalty to you. If you want to stop being in the study, tell the researcher.

The researcher can remove you from the study at any time. This could happen if:

- The researcher believes it is best for you to stop being in the study.
- You do not follow directions about the study.
- You no longer meet the inclusion criteria to participate.

### **WHO WILL USE AND SHARE INFORMATION ABOUT MY BEING IN THIS STUDY?**

Any information you provide in this study that could identify you such as your name, age, or other personal information will be kept confidential. Feedback and data collected will be aggregated in any written reports or publications, so that no one will be able to identify you.

The researcher will keep the information you provide in a password protected file format on my church laptop and only the researcher, research supervisor, and editor will be able to review this information.

The tape recording will be sent to a transcription professional who handles confidential transcription service for hospitals. It will be securely uploaded to their computer servers. They will transcribe the interview and return a password protected Word document file.

Even if you leave the study early, the researcher may still be able to use your data.

### **Limits of Privacy (Confidentiality)**

Generally speaking, the researcher can assure you that she/he will keep everything you tell him/her or do for the study private. Yet there are times where the researcher cannot keep things private (confidential). The researcher cannot keep things private (confidential) when:

- The researcher finds out that a child or vulnerable adult has been abused
- The researcher finds out that that a person plans to hurt him or herself, such as commit suicide,
- The researcher finds out that a person plans to hurt someone else,

There are laws that require many professionals to take action if they think a person might harm themselves or another, or if a child or adult is being abused. In addition, there are guidelines that researchers must follow to make sure all people are treated with respect and kept safe. In most states, there is a government agency that must be told if someone is being abused or plans to hurt themselves or another person. Please ask any questions you may have about this issue before agreeing to be in the study. It is important that you do not feel betrayed if it turns out that the researcher cannot keep some things private.

### **WHO CAN I TALK TO ABOUT THIS STUDY?**

You can ask questions about the study at any time. You can call the researcher if you have any concerns or complaints. You should call the researcher at the phone number listed on page 1 of this form if you have questions about anything related to this study.

### **DO YOU WANT TO BE IN THIS STUDY?**

I have read this form, and I have been able to ask questions about this study. The researcher has talked with me about this study. The researcher has answered all my questions. I voluntarily agree to be in this study. I agree to allow the use and sharing of my study-related records as described above.

By signing this form, I have not given up any of my legal rights as a research participant. I will get a signed copy of this consent form for my records.

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Printed Name of Participant

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Signature of Participant

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Date

I attest that the participant named above had enough time to consider this information, had an opportunity to ask questions, and voluntarily agreed to be in this study.

---

Printed Name of Researcher

---

Signature of Researcher

---

Date

## **APPENDIX FOUR**

### **Interview Informed Consent Form**

**Study Title: Theological and Financial Integrity in Church Budgeting: A Study of the Effects of Budget Theory Education Using a Two Kinds of Righteousness Framework**

**Researcher: Rev. R. Brian Stolarczyk**

**Research Supervisor: Rev. Dr. David Peter**

You are invited to be part of a research study. The researcher is a student at Concordia Seminary in Saint Louis, Missouri as part of the Doctor of Ministry program (D.Min.). The information in this form is provided to help you decide if you want to participate in the research study. This form describes what you will have to do during the study and the risks and benefits of the study.

If you have any questions about or do not understand something in this form, you should ask the researcher. Do not sign this form unless the researcher has answered your questions and you decide that you want to be part of this study.

#### **WHAT IS THIS STUDY ABOUT?**

My research project is designed to help congregational leaders understand how their choice and use of budgets impacts their faith community. Specifically, I would like to discover how a seminar on the Two Kinds of Righteousness and budgeting theory can help a congregational leader think about their own congregational budgetary process. I would like this seminar to be used with leadership at Lutheran Church of the Cross to guide our implementation of QuickBooks in our annual budget process. I would also like this project to develop a seminar that can be shared at a circuit or district conference, with the hope that it would also be useful to other pastors and church leaders.

#### **WHY AM I BEING ASKED TO BE IN THE STUDY?**

You are invited to be in the study because you are:

- A Lutheran Church of the Cross constitutionally appointed leader involved in the budgetary process.

If you do not meet the description above, you are not able to be in the study.

#### **HOW MANY PEOPLE WILL BE IN THIS STUDY?**

About 5 participants will be interviewed in this study.

## **CONFLICT OF INTEREST**

The researcher is a pastor at Lutheran Church of the Cross.

## **WILL IT COST ANYTHING TO BE IN THIS STUDY?**

There is no cost to participate.

## **HOW LONG WILL I BE IN THE STUDY?**

5 leaders will be asked to voluntarily participate in a 90 minute one-on-one interview 1 time at an agreed upon date following the leadership seminar.

## **WHAT WILL HAPPEN DURING THIS STUDY?**

If you decide to be in this study and if you sign this form, you will do the following things:

- Asked a set of five questions regarding your perceptions of the seminar and its contents.
- Be asked to share what you learned from the seminar
- Be asked about the budgetary process at Lutheran Church of the Cross
- Be asked to suggest improvements in the seminar

While you are in the study, you will be expected to:

- Follow the instructions you are given.
- Tell the researcher if you want to stop being in the study at any time.

## **WILL I BE RECORDED?**

Only the 5 individual interviews will be audio recorded. The researcher will use the audiotape to create a written transcript for data interpretation.

The researcher will only use the recordings of you for the purposes you read about in this form. I will not use the recordings for any other reasons without your permission unless you sign another consent form. The recordings will be destroyed, and the written transcript will be kept in a password protected format for seven years and they will be kept confidential. Names will be removed and substituted with numbers. The written transcript will be destroyed after seven years.

## **WILL BEING IN THIS STUDY HELP ME?**

This Major Applied Project is intended to assist Lutheran Church of the Cross. I would like this seminar to guide our implementation and use of QuickBooks in our annual budget process. I would also like this project to develop a seminar that can be shared at a circuit or district conference, with the hope that it would also be useful to other pastors and church leaders.



### **ARE THERE RISKS TO ME IF I AM IN THIS STUDY?**

No study is completely risk-free. However, we don't anticipate that you will be harmed or distressed during this study. You may stop being in the study at any time if you become uncomfortable.

### **WILL I GET PAID?**

You will not receive anything for being in the study.

### **DO I HAVE TO BE IN THIS STUDY?**

Your participation in this study is voluntary. You can decide not to be in the study and you can change your mind about being in the study at any time. There will be no penalty to you. If you want to stop being in the study, tell the researcher.

The researcher can remove you from the study at any time. This could happen if:

- The researcher believes it is best for you to stop being in the study.
- You do not follow directions about the study.
- You no longer meet the inclusion criteria to participate.

### **WHO WILL USE AND SHARE INFORMATION ABOUT MY BEING IN THIS STUDY?**

Any information you provide in this study that could identify you such as your name, age, or other personal information will be kept confidential. Feedback and data collected will be aggregated in any written reports or publications, so that no one will be able to identify you.

The researcher will keep the information you provide in a password protected file format on my church laptop and only the researcher, research supervisor, and Major Applied Project editor will be able to review this information.

The tape recording will be sent to a transcription professional who handles confidential transcription service for hospitals. It will be securely uploaded to their computer servers. They will transcribe the interview and return a password protected file.

Even if you leave the study early, the researcher may still be able to use your data if any of the five interview questions have been answered.

### **Limits of Privacy (Confidentiality)**

Generally speaking, the researcher can assure you that she/he will keep everything you tell him/her or do for the study private. Yet there are times where the researcher cannot keep things private (confidential). The researcher cannot keep things private (confidential) when:

- The researcher finds out that a child or vulnerable adult has been abused
- The researcher finds out that that a person plans to hurt him or herself, such as commit suicide,
- The researcher finds out that a person plans to hurt someone else,

There are laws that require many professionals to take action if they think a person might harm themselves or another, or if a child or adult is being abused. In addition, there are guidelines that researchers must follow to make sure all people are treated with respect and kept safe. In most states, there is a government agency that must be told if someone is being abused or plans to hurt themselves or another person. Please ask any questions you may have about this issue before agreeing to be in the study. It is important that you do not feel betrayed if it turns out that the researcher cannot keep some things private.

### **WHO CAN I TALK TO ABOUT THIS STUDY?**

You can ask questions about the study at any time. You can call the researcher if you have any concerns or complaints. You should call the researcher at the phone number listed on page 1 of this form if you have questions about anything related to this study.

### **DO YOU WANT TO BE IN THIS STUDY?**

I have read this form, and I have been able to ask questions about this study. The researcher has talked with me about this study. The researcher has answered all my questions. I voluntarily agree to be in this study. I agree to allow the use and sharing of my study-related records as described above.

By signing this form, I have not given up any of my legal rights as a research participant. I will get a signed copy of this consent form for my records.

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Printed Name of Participant

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Signature of Participant

---

Date

I attest that the participant named above had enough time to consider this information, had an opportunity to ask questions, and voluntarily agreed to be in this study.

---

Printed Name of Researcher

---

Signature of Researcher

---

Date

**DO YOU WISH TO BE AUDIOTAPED IN THIS STUDY?**

I voluntarily agree to let the researcher audiotape me for this study. I agree to allow the use of my recordings as described in this form.

---

Printed Name of Participant

---

Signature of Participant

---

Date

## **APPENDIX FIVE**

### **Email Proposal For a Revision to Seminar Time**

Dear LCC Leaders,

Thank you for the RSVP regarding your availability for attending the seminar for my doctoral program. This leadership seminar is designed to teach budgeting concepts within the framework of the Two Kinds of Righteousness. The majority of individuals can attend a session on Saturday June 9, 2018. So I would like to go ahead and schedule the seminar for that date.

However, I would like to propose a slight change in times. There are a few people who cannot join us that morning until 10am. Would it be okay with the group if we ran the seminar from 10am-12:30pm?

Please let me know if Saturday June 9, 2018 from 10am–12:30pm in the FMC works for your schedule?

Again, please know that this is an optional gathering that you are free to decline. For those who attend I will provide the informed consent form which I will have each person sign on the day of the event.

Thank you,  
Pastor Stolarczyk

## APPENDIX SIX

### Interview A Notes

#### *Initial Reaction:*

Interview one was the first of my feedback on this research project. I was anxious for my seminar to be perceived as valuable and productive. I have been working to make it as impactful to LCC and the ministry as possible. Prior to meeting our interview I received an email commenting that, “I thought the presentation was quite a bit better than even I thought it would be; it was unique from any others I have seen or been a part of because of the merging of the financial and theological in LUTHERAN terms.” The person went on to suggest five different ways to present one or both sections of my presentation in the context of a congregation, circuit, or district level.

The interview had a very positive feel and conversation was very easy. What I mean by that is that the individual was very engaged in the material that I presented, the person had taken it to heart and wrestled with the concepts, and came ready to talk about the content of the seminar and its potential application.

In some respect the questions felt a little bit confining or limiting to our discussion. The individual wanted to share and talk about wide ranging application and implications of the seminar and the questions at times seemed to rein the discussion back into a smaller focus.

The interview took on the feel of one of our working sessions or strategic planning conversations that I have had with this person in the past. I felt that the interview was exactly the type of academic and theoretical analysis that I was hoping for and when the person left I was encouraged to conduct more interviews and add additional learnings to the work that I have put into the MAP.

#### *Responses and Observations:*

Question 1: What learnings or takeaways? (I expected specific responses to LCC’s budgetary process and church operating budget).

- A. The seminar was very “useful” for vary different audiences. It was useful in illustrating the “intersection of finance and theology”
- B. It was useful for people not involved in the budgetary process
- C. Personal learning was the theology of the “two kingdoms and the intersection of the two.”
- D. The individual shared that LCC had just finished up strategic planning and the development of a new mission statement.

[I inserted a personal observation from the seminar that the interviewee mentioned a specific application of the seminar in terms of the church management software that LCC recently installed.]

Question 2: What did you learn from the seminar that can improve your use of the budget in the budgetary process?

- A. LCC's finance committee work in developing the budget has been "too much top down process." I would like to try to get more people involved in the process.
- B. LCC's finance committee does not listen to the boards enough or ask them to evaluate their efforts in light of the mission. Asking "how does this [activity] bear on our mission, how does this move our mission forward, and then then look at what you did last year or how you spent your money last year, but then say does this whole plan fit our mission...?"
- C. The individual mentioned a personal experience at another church institution that connected their mission into their operating budget and evaluation steps.

[I inserted a personal suggestion or elaboration on his ideas. I had concluded in my research that we could do more during the evaluation step of the annual budgetary process to encourage boards to look at the mission].

Question 3: What did you learn from the two kinds of righteousness that you think will improve the annual church budgeting process for LCC?

- A. I am not sure. It was fuzzy for me. I am not sure of the implications.

[I restated the question...did anything from the two kinds of righteousness "stick out" to you that has some "clarity" to you? Not the implications but what the concept means?]

- A. Aware of the two kinds of righteousness that we have to "keep our eyes on."

[Digress to analyze the presentation and suggest not attempting to do the theology and budgetary process or lengthen the time or change the format to allow more time for the theology to sink in.]

Question 4: After an extended re-statement I asked, "how will what you've learned from that seminar assist you in administering the church finance in a manner that demonstrates both budget theory as well as good theological practice?"

- A. LCC's budget process and budget presentation. I want to keep the trust [of the voter's] but I want to assist them in seeing how this connects to our theology and mission.

[I bring up a quote from the seminar about a budget's purpose is to put mission into dollars and cents].

- B. LCC made the change from using the word budget to financial plan. I would reconsider that terminology shift.
- C. LCC's budgeting process should consider longer than a one year horizon and understand how to translate the mission into budgets.
- D. LCC's budgeting process could consider external community factors about people moving in and out of town.
- E. LCC should examine the role of the LCDC in the mission of the congregation as it encompasses a tremendous amount of time and about 65% of financial expenditures.

Question 5: What parts of the seminar were unclear or kind of least helpful?

- A. Linking the two kinds of righteousness. It was correctly placed in terms of the flow of thoughts. But it was a difficult concept to make specific applications.

[I raise a seminar example from a completely different section, but which had more clarity.

Holck and Holck's example but made the comparison that I did not have a similar "solution" or even recommendation for the second section.]

[I "defend" or at least explain that I cannot give a checklist without in some way militating our theology to which he "agrees" with my assessment.]

[I restate the question and ask for "least helpful" aspect.]

- A. The focus of the presentation was limited to the annual budgetary process which implies thinking only in 1 year time frames. But funding a mission is a multi-year process.
- B. How does your conceptual diagram of the annual budgetary process accurately communicate the realities that congregation's with schools or preschools actually face? Does a school need its own budgetary process and its own mission in the center? The mission of the church is not entirely one and the same as the congregation. Would it be helpful to acknowledge these limitations or allow them to go unstated so as not to introduce confusion?

[I bring up a limitation that the individual raised during the seminar. The interviewee mentioned that a significant percentage of our church operating budget (estimated at around 75%) was made up of "fixed" costs of personnel, insurance, utilities, and maintenance. So what are we really supposed to budget?]

- C. The person had experience in other congregations where the pastor was not "on the same page with the needs of the congregation." The pastor was not aligned with the congregation's mission.

[I ask if staff performance reviews help bring an alignment between mission and budget.]

- A. I don't know about pastoral reviews. It is a very difficult role and I believe in a sabbatical for clergy. Maybe not a full year off. But maybe for every seven years plan for a 2–3 month sabbatical.

#### *Initial Analysis and Observations*

- Blurred the line between interview and collaborator
  - Submitted email suggestions for applications
  - Numerous times I went beyond the questions. I did not simply look for data to collect about the individual's reaction to the seminar but probed for deeper analysis
- Identified a lot of LCC applications
- Identified deficiencies in specific applications of the theology section
- Identified a number of limitations to the conceptual representation of the annual budgetary process

#### *Themes, Slippage, Silences*

- Annual budgetary process—section 1—was the clearest and provided the greatest applicability to LCC. It also revealed new limitations
- The theological section informed but did not assist in alignment at LCC
- None of the group's solutions from the seminar were brought up by the interviewee (only me). I assumed that inserting group activities that helped them come up with LCC specific solutions would actually aid their retention.

## APPENDIX SEVEN

### Interview B Notes

#### *Initial Reaction:*

This was my second interview following a very lengthy and positive first session. It was held five days after the Saturday seminar. It was with another leader of the congregation. I had not received an emailed reaction to my presentation like I did at first. But I was hopeful and expecting a good and significant reaction. I was a little let down that our conversation was not as free flowing or extensive as the first. I was hoping for even more specific ways to apply the seminar to LCC from the second individual. But in general, I was satisfied that we covered the basics and accomplished much of what I had hoped for.

#### *Responses and Observations:*

Question 1: What learnings or takeaways? (I expected specific responses to LCC's budgetary process and church operating budget).

- A. Suggested that I use the seminar at the Florida-Georgia President's Equip Conference for pastors and laity
- B. It confirmed the individual's feeling that "every board chair should be part of the budget process."
- C. It helped the individual think about past LCC events that were considered successful because they raised a certain amount of dollars or served a certain amount of people. But the person felt that a stronger connection between the budget and the mission of the congregation was important. The seminar affirmed that feeling.

[I restate the question but look to understand which items would be "best" at a conference.]

- A1. Your seminar with printed handouts with room to write would be helpful.

[I dig further and ask about the graphic image]

- A2. Yes, the three circles around the mission is what budget process should always be.

A3. I want LCC to have boards hold their meetings on the same evenings to facilitate coordination around our mission

[I ask dig further about takeaways from the second half of the seminar]

- D. Even when we talk about the budget we need to talk about the Lord.
  - a. I have seen Bible studies used before meetings like we are starting to do at LCC.
  - b. We used to meet on the same nights.

Question 2: What did you learn from the seminar that can improve your use of the budget in the budgetary process?

- A. My role in the church does not have direct involvement in budget development.
- B. It is important for LCC to recognize that the Lord is part of the budget process and that everyone has a part in it.
- C. LCC needs to be good stewards. We should develop and evaluate our budget with the mission in mind.
- D. At LCC we go through the "circle" [referring to my graphic] on the outside [disconnected from mission].



[I bring up the church unique strategic planning efforts to illicit specific LCC connections and applications that can be made].

- E. The individual agreed with me that LCC could give the mission statement to the finance committee to evaluate and develop a new budget.

Question 3: This next question focuses more on theology. What did you learn from the two kinds or righteousness?

- A. I am trying to remember that part...

[I remind him that vertical righteousness is about being passive receivers and the other dimension where we actually have to actively work and manage and take care of things.]

- B. I can picture the concept. I don't know how it helped.
- C. Brining God into the budgeting is important.
- D. Teaching the voter's that God is part of the process is a good thing.
- E. Helping the voter's realize the mission is important.

Question 4: "how will what you've learned from that seminar assist you in administering the church finance in a manner that demonstrates both budget theory as well as good theological practice?"

- A. In my role I can try and communicate to the voters and teach them about our mission

Question 5: What parts of the seminar were unclear or kind of least helpful?

- B. The first part of the seminar was least helpful because the individual has been part of church budgets for years. It was not new to the individual. Once you got to the diagram it was helpful.
- C. The righteousness was new to me.

### *Initial Analysis and Observations*

I seemed to deviate from my role as interviewer collecting data to analyze my seminar. Instead I was more interested in what the individual thought would be applicable at a conference. The two kinds of righteousness was the most unclear and not directly applicable to the person's ministry role. I was expecting the person to personally apply the seminar. My stated goal of bringing leaders into the seminar was to have them apply changes to LCC's budgetary process. I was not expecting that the change would not be limited to how we direct and conduct budget meetings. But rather, I was surprised at the emphasis on the need for other people to hear about seminar concepts of the first half of the presentation. I was expecting the individual to be personally impacted by my seminar. Instead the person was affirmed in their self-assessments of budgets and instead thought other church members needed to hear the presentation.

With that being said, this individual was able to provide concrete ideas of communication with the voters and specific encouragement to the finance committee in aligning our mission statement with the budget process.

I felt that I treated this interview too much as a collaboration and desire to take a more formal approach to the interviews. I intend to stick more closely to the questions.

In some ways I felt a little separation between me and the interviewee by the end. That I was looking for more personal involvement and participation in my material which never came.

*Themes, Slippage, Silences*

- Part one of the seminar was the most helpful.
  - It confirmed the central role of mission in the budget process.
  - It is worth communicating to others
- Part two was unclear and did not have specific applications
- The seminar (unexpectedly) helped re-frame past LCC history
- The theological integrity I was viewing exclusively from the perspective of the two kinds of righteousness. But the individual understood that the mission of LCC is a theological concept and reality. Maybe I was too narrow in defining theological integrity to mean only the theological loci that I addressed in my research.

## APPENDIX EIGHT

### Interview C Notes

#### *Initial Reaction:*

This was my third interview. It was my first one during my second work week (nine days) after the seminar. I had adjusted my expectations after my first interview about the length and types of responses that I might receive. But I was surprised again and how much the delay in conducting the interview would have on my research. I say that because I noticed my own recollection of the seminar and each individual's participation in it had diminished greatly. I preached two sermons in between, I had a ministry crisis counseling session at the end of the previous week. So my own recollection of the seminar had faded somewhat, and I led the class. I had greater sympathy for the participant who did not spend as much time as I did. This resulted in this feeling like a *good* or *average* conversation and leaving me with the feeling that I wish I would have scheduled my last three interviews earlier. I had also been aware after my second interview that I had participated too much in the interview last time. Therefore I attempted to remain more *clinical*. This meant that I was attempting to stay closer to the questions, to not editorialize as much, and tried to restate individual's responses to questions before moving on.

#### *Responses and Observations:*

Question 1: What kind of learnings and takeaways did you have, generally speaking, from the seminar that you learned that you can actually use practically?

- A. The two righteousness—the active and the passive.
  - a. The individual recalled a conversation with another seminar participant right after the seminar regarding two kinds of righteousness. Both were surprised about learning of the two kinds of righteousness. And they were happy to hear that the budget matters theologically. It is not faith alone or budgeting alone—but rather both.
  - b. The two participants also talked about idolatry. When does the budget become and idol?
  - c. It is idolatry sometimes when we elevate the budget over the mission of the congregation. We look at the budget rather than our mission to make decisions on cuts and reductions.

Question 2: Starting from the first half of the presentation, what did you learn from that seminar that can or will improve your use of the budget in the annual budget process?

- A. I had not thought of the three difference spheres—developing, operating, monitor/evaluating). The individual went to comment on the fact that the mission is not used to evaluate or monitor the budget monthly.
- B. The individual wondered if there are intangibles or long range mission goals that cannot be easily monitored or evaluated.
- C. If 85%–90% of our church budget is fixed, maybe we give short shaft to the mission portion.

[I insert the observation about our November's voters meeting that mission is not much a part of the meeting.]

- D. The voter's meeting in November is centered around the budget document. That is the first and only time the members see the document or discuss it. Maybe we could allow more times for discussion and more sessions discussing our mission and budget.

Question 3: What kind of things did you learn from the two kinds of righteousness that can or will improve our annual church budgeting processing here at LCC?

- A. I had not thought about the passive.  
B. The active portion as I said earlier [it was nice to affirm the role of budgeting].

[I re-summarize the interviewee's response and share the proposition of my study to look at the theological limitations of budgets. I reminded him of his observation about idolatry.]

- C. The interviewee affirmed my comment about idolatry. But went on to say that the budget should not be the controller. Sometimes we have to take a leap of faith even if the dollars do not add up.

- D. There is no clear answer of when to take a leap of faith. But it is essential to pray.

[I shared my own challenge to provide an easy solution to the theological integrity. Admitting that there is not simple tool to determine or discern that line.]

Question 4: How will what we have learned in the seminar assist you in your role?

- A. No specific things. There are other committees that actually work on the budget. I want to make sure we use some of what we learned here at the voter's meeting.

Question 5: What was most unclear or unhelpful?

- A. I don't try to remember what was unclear.  
B. Passive righteousness is something new that I don't fully understand.

[We ended with conversations about current examples of the dynamic of faith and finances this past year at LCC. Our budget was a deficit budget but the Lord brought to us an influx of people who financially supported our ministry].

### *Initial Analysis and Observations*

I am pleasantly surprised at the range of answers. This interview had the type of responses I had hoped for. The individual could remember the three circles and the mission in the middle. The person described the limitation and made application and suggestions about how LCC can go through the process. The individual also grasped the basics of the two kinds of righteousness. It was meaningful to know that budgets are good and God-pleasing instruments. But the person demonstrated an awareness that budgets can also become idols.

### *Themes, Slippage, Silences*

- The mission has a role to play in LCC's monitoring and evaluation
- Some aspects of mission are long range and cannot be easily quantified
- More time should be allowed for the voters to interact with the budget and mission
- We should be aware of idolatry in the budget process and be ready to pray.
- The two kinds of righteousness continues to leave people with a nagging feeling of the "so what" or implications. In other words, there is an awareness of the theology without the sense of mastery or understanding much less application.

## APPENDIX NINE

### Interview D Notes

#### *Initial Reaction:*

This was my fourth interview but my second one in the second week after my seminar. I was very surprised at how this interview had felt to me. I had high hopes that my seminar would resonate with this individual. This was a person who shared my passion for my doctoral subject in general and from whom I expected a similar interpretation and application of my seminar as I had. Instead, it felt like the individual interpreted my questions and my seminar on a more individual and personal level. I wrote my questions with the intention to focus the leaders to think about the annual budgeting process. I felt that the answers were more about personal application and affirmation rather than corporate application. That is not to say I felt that the questions had *failed* in some sense of the word. I think this interview illustrated for me how qualitative tools allow for individual stories and perspectives to be told. I saw how the seminar meets individuals where they are at in their life's journey with a topic and they assimilate the seminar in a personal way that is meaningful to them—not necessarily to my project.

#### *Responses and Observations:*

Question 1: What kind of learnings or takeaways did you get from that seminar?

- A. Budgets are extremely important for people and churches
- B. I did not learn so much as I was affirmed in my thinking. Budgets are important. We are a church but we are a business.
- C. You mentioned [during the seminar] something about the Lord saying that it wouldn't be right if we didn't have a budget. So that kind of hit me and said I feel better about this now.

[I summarized the interviewee's response in terms of the seminar horizontal and vertical righteousness]

- D. I had a conversation with a fellow participant who asked me how can we save some money. I wish all people and groups would be involved in the budget.

Question 2: What kind of things did you learn from that seminar that may help you improve the way you use the budget as we go through the annual cycle?

- A. How can we do more for our mission when it comes to our budget? It bothers me when I see so much of the costs go out that aren't part of the mission. Do we want to spend all of our money on water bills, electric bills, and have nothing left for the church and mission? [Operate not Develop budget step]
- B. I feel like we have more control
- C. I cannot really separate the budget from the mission. Everything we do affects everybody. Every single thing we do is part of the mission. People were just spending their own money on their own projects. I look at it as a whole. I cannot separate the budget from the mission

[I share again the research of the connection or overlap between the budget and mission]

- D. I had a budget that listed a payment to the District and was told I should not because we do not have the money. But we had all this money to do other stuff around here

that probably did not have anything to do with the mission. It was almost like we were pulling the budget and the mission apart.

[I push for more insight from the first part]

- E. When we create the budget we should have all the board chairpersons there. We might be able to help each other to invest more if we spent less in other areas. When one group asks for \$1,500 I would like to know where that number comes from. What ministry needs are they looking for.
- F. Evaluate spending. Asking the question are we really benefitting from the way that we are spending that kind of money?

Question 3: Any learnings from that two kinds of righteousness that will benefit you in this church budgeting process?

- A. You said it, we are to be active and not wait for God to provide. God is already providing, but you are not supposed to sit at home and count your pennies. If I do my job and I do the best with what I have God will provide for me now and in the future.
- B. The two kinds of righteousness are not separate but linked together.

[After an extended discussion about faith and effort linked to his personal disease]

- C. I don't understand how to apply the two kinds of righteousness. I need some help.

[I insert some teaching and review of the two kinds of righteousness]

- D. It confirmed what I felt when people said, "don't worry about the budget." God does not provide if you are unwilling to do anything about it.
- E. I saw faith and finance work together in years past as we borrowed \$25,000 and then \$10,000 the next year. We have done our part and God continues to provide.

[I give an extended introduction to the next question]

Question 4: Were there things that you learned that will help you as you participate in the budgeting process?

- A. From our discussions, it makes me want to do a better job of what I am doing to help the budgeting process.
- B. I am going to continue to understand the budget. And I see the need for others to understand more. We have people giving to summer support or debt reduction. I need to let them know about what we are doing and why.

Question 5: What part of the seminar was unclear or least helpful?

- A. The part that we were trying to separate the budget from the mission. I think the budget is part of the mission.
- B. Some parts were not new or especially helpful to me, but rather reinforced what I already knew.

### *Initial Analysis and Observations*

This was the first individual to focus on integrity in operations of a budget. In my own research I saw a strong application of this seminar to developing and evaluating the budget. This person had multiple applications for the operating step of the budgetary process. The two kinds of righteousness limitations that I saw were not clearly understood. Instead the concept of the two kinds of righteousness was affirming to the person because it validated what the individual felt but never had expressed in this manner. The way the seminar depicted the budget as something separate from the mission felt inappropriate and may not have been the way the person themselves would have drawn it.

I was expecting the application of my seminar to focus on the places that I thought it should—mainly the annual voter’s assembly. The individual is not in charge of the voter’s assembly and therefore did not have any suggestions about what I wanted. Instead, the individual assimilated the seminar that their individual level of participation in the budgeting process.

*Themes, Slippage, Silences*

- Budget and mission are more connected than my conceptual diagram showed
- The personal application was not focused on the researcher’s assumptions but rather on a personal assimilation and application of the topic
- The two kinds of righteousness affirmed the need for faith and budgets.
- The limitations of the two kinds of righteousness were not understood

## APPENDIX TEN

### Interview E Notes

#### *Initial Reaction:*

This was my final interview. I felt let down at the lack of recall from the seminar itself which translated into a lack of detailed answers to the questions and a lack of personal application. I felt as if the individual was the least interested in the topic and wrestling with theories and concepts that I found so very appealing. I don't know what would have happened if the individual would have been interviewed right away. I suppose the person still could be less interested in the topic than I am. But I wonder if the person's responses would have been any different. I guess I should not expect everyone to react the same to the seminar. And if my research tool truly is designed to capture THEIR unique growth, then I should be able to capture these kinds of reactions.

#### *Responses and Observations:*

Question 1: What kind of things did you learn or would you say that you took away from the seminar?

- A. You presented it very well.
- B. It was a nice follow up to the church unique mission and vision work.

[Explain the two basic formats for the interviewee. Part 1 is the "whole budget process and the continuous cycle of developing, operating, and evaluating the budget and how it gets connected with missions.]

- C. It is extremely important to have a budget.
- D. My particular board does not handle much money and it has not really changed over nine years.
- E. This is going to help the voters understand we are not just doing the budget as simply we are going to spend this money. But budget is about ministry.
- F. I have seen it in my own area of experience. When people have a purpose they are far more likely to support it.

Question 2: Is there anything you might improve or change how you use the budget in your role?

- A. If you have a solid purpose or mission you can get people involved.

[Explain the second half of the seminar again regarding the two kinds of righteousness.]

Question 3: Is there anything that you learned from that framework?

- A. My involvement in the church brings me closer to the Lord.

[I review more fully the two active and passive righteousness dimensions and then ask the question again.]

- B. It is important to have both but I don't know what I am going to take away with that.

Question 4: Are there ways that some of what you learned can help you as a voter?

- A. It helped my attitude because you are giving us hope with the strategic planning process.

Question 5: Any areas that were unclear or could be improved?

- A. It could have been spread over two days. It was a lot to absorb in one.
- B. The theology was unclear and hard to understand.
- C. It was a nice and small group so that we could talk and ask questions.



### *Initial Analysis and Observations*

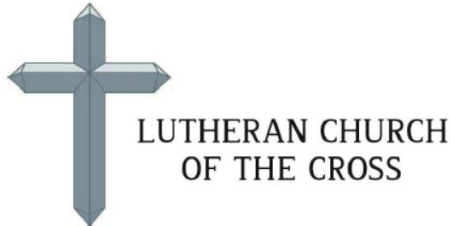
The individual commented numerous times on outside efforts done around LCC's mission and vision and how this is connected to our budgetary process. The person noticed in their own experience how mission and purpose is important to creating buy-in and support for the finances of the church. The theology topic sounded correct but it was very unclear.

### *Themes, Slippage, Silences*

- Mission is central to the budget process.
- Two kinds of righteousness was very unclear.

## APPENDIX ELEVEN

### LCC Church Unique Vision Frame



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#### MISSION

Welcoming all to walk together toward abundant life in Christ.

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#### VALUES

Welcoming all who come  
Caring for one another

Deepening faith experience  
Sharing joy in life & worship

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#### STRATEGY



WORSHIP



LEARN



SERVE



ABUNDANT LIFE

We want people to live at the intersection of Worship, Service, and Learning. We depict this with a Venn diagram that depicts those three actions with the center consisting of Word & Sacrament. This means we discuss Word & Sacrament as happening not only in the weekly worship environment, but throughout our walk with Jesus.

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## MEASURES

### **Walking in the Word**

- Reading the Bible regularly
- Praying regularly
- Worship regularly
- Studying the Bible with other Christians
- Living life according to the Bible
- Raising children/grandchildren in the Christian faith
- Identity as a lifelong student of the Scriptures

### **Serving with Commitment**

- Knowing that God has given me talents and abilities
- Knowing my God-given talents
- Seeking opportunities to serve my family, neighbors, congregation, community
- Identity as a servant of all

### **Sharing Jesus with Joy**

- Aware of people who do not have a living faith in Jesus
- Know the names of people who do not have a living faith in Jesus
- Prays for people who do not have faith in Jesus
- Invites people to experience Jesus in Word and Sacraments

## APPENDIX TWELVE

### Church Unique Horizon Storyline—LCC's Vision



#### The Horizon Storyline Template for

Lutheran Church of the Cross  
Punta Gorda, FL

##### Beyond the Horizon: 5-20 Years

Over the next four years (by our 40th anniversary July 4, 2022) we will have our people and property prepared to be invested in God's emerging plan for greater mission and ministry impact through the families of LCC.

##### Background Vision: 3 Years

Accountability Chart ::  
We will identify & develop a clear structure of accountabilities that equips us to fill gaps in staffing and leadership to fuel sustainable ministry rhythms now and into the future.

Strategic Partnerships ::  
We will establish strategic partnerships for future ministry by collaborating with our school and other organizations within our community.


Land Development ::  
We will affirm or amend our ministry plan and begin to develop our land assets to position ourselves to pursue God's vision.

Planning & Stewardship ::  
We will establish ongoing rhythms of planning and stewardship by keeping the vision out front and trying budget to vision.


#### Midground Milestone: 1 Year

AL-100 :: In the coming year we will see the majority of our congregation walking toward the abundant life by helping 100 people to be active in a regular service or learning activity.

#### Foreground Action Initiatives: 90-days

Operations & Finance ::  
We will clarify the "win" for the LCDC, evaluate potential worship enhancements, and begin to align our revenue and expenses so we can pay off our L.O.C. 

Program alignment ::  
We will align our program offerings with our V.F. by identifying things to "cut", developing outreach opportunities at LCDC and a plan to measure the 1-year goal.

Staffing alignment ::  
We will begin to bring our staffing into alignment with our vision by identifying staff and volunteer needs, building a gifts inventory, and visualizing a leader pipeline. 

Communication alignment ::  
We will align our communication with our vision by solidifying our Vision Frame imagery and developing a communication strategy.

More Visionary Planning Resources: [GodDrea.ms](#)  
More Church Leader Resources: [WillMancini.com](#)  
Explore Consulting Services: [Auxano.com](#)

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